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Post Hearing Information Pack of

MetaLight Inc.

(Incorporated in the Cayman Islands with limited liability)

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MetaLight Inc.

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under : [REDACTED] Shares
the [REDACTED]
Number of [REDACTED] : [REDACTED] Shares (subject to
[REDACTED])
Number of [REDACTED] : [REDACTED] Shares (subject to
[REDACTED])
[REDACTED] : HK\$[REDACTED] per [REDACTED]
plus brokerage of 1.0%, SFC
transaction levy of 0.0027%, AFRC
transaction levy of 0.00015% and
Stock Exchange trading fee of
0.00565% (payable in full on
application in Hong Kong dollars,
subject to refund)
Nominal value : US\$0.0001 per Share
[REDACTED] : [REDACTED]
*Sole Sponsor, [REDACTED], [REDACTED], [REDACTED]
and [REDACTED]*



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The [REDACTED] will be HK\$[REDACTED] per [REDACTED]. Applicants for [REDACTED] are required to pay, on application, the [REDACTED] of HK\$[REDACTED] for each [REDACTED] together with brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%.

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The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. For more details, see “[REDACTED] — [REDACTED] — Grounds for Termination” in this Document.

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. Moreover, there are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors.” You should read the entire document carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We operate Chelaile (車來了), a mobile app that applies big data analytics to deliver real-time, accurate bus arrival information. Chelaile has established a solid base for mobile advertising revenue through its extensive audience reach. In 2022, 2023 and 2024, mobile advertising contributed 85.2%, 96.2% and 98.0% of our total revenue, respectively. Beyond advertising, we deliver data analytics products and services to businesses and governments.

Launched in 2013, Chelaile empowers commuters with easy, reliable access to real-time bus information. By analyzing GPS data licensed from transportation entities, user queries and search histories, as well as data aggregation of buses and users, Chelaile offers up-to-the-minute bus schedules and accurate estimated arrival times, elevating travel experiences by reducing the uncertainty of wait times and the likelihood of missing buses. Chelaile’s accuracy and effectiveness have driven its widespread adoption in China. According to CIC, Chelaile is the largest real-time bus information platform in China by city coverage, spanning 274 cities as of December 31, 2024 with particularly strong presence in tier-3 and lower-tier cities. Chelaile has cultivated a large user base, with approximately 298.4 million cumulative users as of December 31, 2024.

Chelaile’s repository of data insights enables us to deliver data analytics products and services to transportation entities such as local transportation authorities and bus companies. Our offerings improve their operational and management efficiency by monitoring real-time bus operation, improving the accuracy of bus data, optimizing bus routes, and planning new routes. Building on our experience in the public bus sector, we are broadening our data analytics offerings to various industries.

Chelaile is free for users, generating revenue primarily through programmatic and brand advertising. For programmatic advertising, we sell advertising inventory to platforms that manage advertisement placements, receiving advertising fees based on the number of impressions. In 2022, 2023 and 2024, our revenue from programmatic advertising platforms accounted for 74.6%, 85.5% and 93.1% of our total revenue, respectively. For brand advertising, we sell advertising inventory directly to brand advertisers, typically charging a fixed fee measured by the number of impressions. Our public transit analytics platform for transportation entities operates on a subscription model, with fees based on the modules each entity subscribes to, such as infrastructure data module, bus route network analysis module and

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operation overview module. For other data analytics offerings, fees are determined through case-by-case negotiations, considering factors such as the computational resources required, volume of data processed and the complexity of the product design.

Our revenue was RMB135.4 million, RMB174.5 million and RMB206.1 million in 2022, 2023 and 2024, respectively. Our gross profit was RMB98.8 million, RMB133.2 million and RMB157.4 million in 2022, 2023 and 2024, respectively, and our gross profit margin was 73.0%, 76.3% and 76.4% for the respective years. Our adjusted net profit (non-IFRS measure) was RMB9.8 million, RMB46.5 million and RMB54.2 million in 2022, 2023 and 2024, respectively, and our adjusted net profit margin (non-IFRS measure) was 7.2%, 26.6% and 26.3% in the same years, respectively.

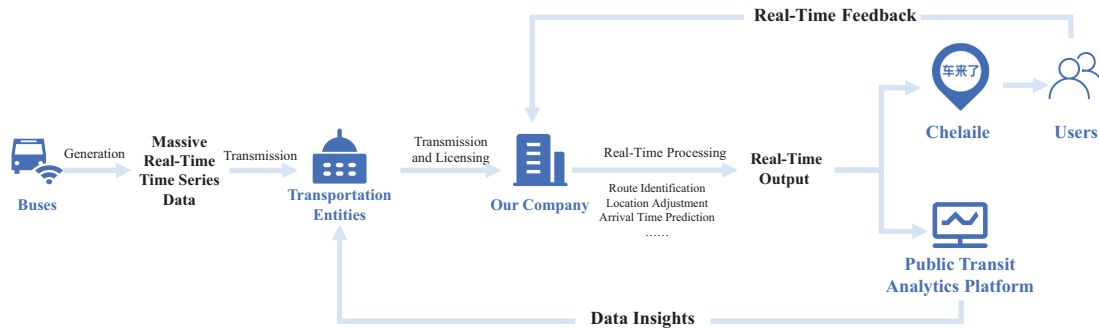
OUR OFFERINGS

We focus on enhancing the accuracy of real-time bus data and improving predictions for future travel times. Unlike fixed train timetables, bus schedules are subject to change, and GPS data is sometimes unreliable due to technical glitches or management issues. To tackle these challenges, we employ advanced time series algorithms and machine learning models that not only rectify errors in existing data but also forecast future vehicle movements with high accuracy.

- Chelaile offers commuters up-to-the-minute updates on bus locations and estimated arrival times by leveraging real-time GPS data, user queries and search histories, and the aggregated data from buses and users. It elevates daily commute by reducing the uncertainty of wait times and the likelihood of missing buses.
- Our public transit analytics platform, a SaaS product for transportation entities, centralizes all relevant performance data from buses and Chelaile into a unified dashboard, enabling easy access and streamlined decision-making. Along with this platform, we help transportation entities optimize bus routes and promote the efficient use of route capacities, enhancing operational efficiency and service effectiveness.

With the aim to enhance information reliability for commuters and operational reliability for transportation entities, we obtain real-time GPS data and historical route information through licensing agreements with transportation entities, processing this data with cloud-based analytics to uncover patterns and changes in bus movements and trajectories.

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According to CIC, buses in China are generally equipped with vehicle-tracking devices and sensors to gather real-time location data, which is initially sent to the bus companies operating the bus fleets and then is relayed to the local transportation authorities overseeing bus companies’ operations. Typically, we enter into agreements with transportation entities to access and use their bus data for subsequent processing. During the Track Record Period, all the real-time bus data used by our platform has been obtained through subscription, licensing and/or cooperation agreements with transportation entities. In 2022, 2023 and 2024, we collaborated with 206, 261 and 295 transportation entities, respectively. As of December 31, 2024, our collaborative network had expanded to 466 cities and towns in China, which enables us to rapidly amass a vast collection of bus time series data for analytics. See “Business — ‘Time + Location’ Offerings.”

We are growing our data analytics offerings beyond the public bus sector, reaching a wider range of industries. Starting in the second half of 2022, we launched two new product lines leveraging our technological capabilities in new areas. See “Business — Our Offerings — Our New Business Initiatives.”

OUR REVENUE MODEL

During the Track Record Period, we generated a majority of our revenue from mobile advertising services, and the remaining portion of our revenue was generated from data technology services. The following table sets forth a breakdown of our revenue by business line, in absolute amount and as a percentage of our total revenue, for the years indicated.

For the Year Ended December 31,						
2022			2023		2024	
RMB	%		RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Mobile advertising services	115,284	85.2	167,979	96.2	202,049	98.0
Data technology services.	20,095	14.8	6,557	3.8	4,088	2.0
Total	135,379	100.0	174,536	100.0	206,137	100.0

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Mobile Advertising Services

We offer mobile advertising services to advertisers through Chelaile, including mobile app and Weixin official account.

Chelaile mobile app offers accurate, real-time bus information, attracting users from various cities and towns in China who depend on our platform for their daily public transit updates. This vast user base and high user engagement make Chelaile mobile app a compelling choice for advertisers looking to amplify their visibility and brand recognition. According to CIC, China’s mobile advertising service market is highly concentrated, with a few leading media publishers dominating the market. In 2024, the top five players accounted for approximately 80% of the market’s total revenue, and our market share within this market was 0.02%.

We generate revenue by offering mobile advertising services that allow advertisers to place display-based advertisements on Chelaile mobile app. These advertisements appear in different forms throughout Chelaile mobile app and are generally billed on a cost-per-mille basis, where advertisers pay for every thousand views or impressions their advertisements receive. We sell advertising inventory on Chelaile mobile app either through collaborations with programmatic advertising platforms to advertisers, or directly to brand advertisers. We, as a media publisher, sell advertising inventory on Chelaile mobile app to advertisers on collaborating programmatic advertising platforms through an auction mechanism. The advertising fees charged by the platforms are determined based on the number of impressions received by advertisements placed on Chelaile. We receive from the programmatic advertising platforms advertising fees and recognize fees as our revenue from mobile advertising services. We also directly sell advertising inventory to brand advertisers, including brand owners across various industries and third-party advertising agencies representing them, and typically charge a fixed fee for such advertising services measured by the number of impressions.

In addition to advertising through Chelaile mobile app, we generate advertising revenue through Chelaile’s official account on Weixin by publishing customer advertisements in the form of articles. We offer both headline and subheadline advertisement placements and assist advertisers in reviewing and adjusting content to comply with relevant advertising laws and platform rules. By leveraging Chelaile’s Weixin user base, we help attract user attention and provide exposure opportunities for advertisers. In 2022, 2023 and 2024, we served seven, seven and seven customers, respectively, through advertising on Chelaile’s Weixin official account, and revenue from our Weixin official account reached RMB2.9 million, RMB1.0 million and RMB0.1 million, accounting for 2.2%, 0.6% and 0.1% of total revenue for the respective years.

Data Technology Services

We generate revenue from (i) data-driven services primarily by delivering customized public transportation information packages; and (ii) information technology solutions, which include (a) access to and use of our public transit analytics platform to transportation entities and (b) other data related services customized to the specific demands of certain transportation

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entities and companies in other sectors. For our public transit analytics platform, we charge subscription fees based on the specific modules each transportation entity subscribes to, such as infrastructure data module, bus route network analysis module and operation overview module. For other data technology services, the fees are determined based on case-by-case negotiations, taking into account factors such as computational resources required, volume of data processed and the complexity of product design. During the Track Record Period, we provided a one-time data technology service to a related party. See “Financial Information — Description of Major Components of Our Results of Operations — Revenue — Data Technology Services” for details.

Key Operating Data

	As of/For the Year Ended December 31,		
	2022	2023	2024
	<i>(in thousands, except for percentages and number of cities)</i>		
Cumulative users	230,286	263,703	298,418
Average MAUs	21,473	25,260	29,082
City and town coverage	405	447	466
Including:			
Tier-1 and emerging tier-1 cities	18	18	19
Tier-2 cities	30	30	30
Tier-3 and below cities ⁽¹⁾	357	399	417

Note:

(1) Representing the other cities and towns in China other than tier-1, emerging tier-1 or tier-2 cities.

Chelaile has established extensive geographic coverage, particularly in tier-3 and below cities. Chelaile delivers exceptional accuracy in public transit information. The version launched in February 2025 has achieved an accuracy of approximately 99.5% in displaying bus routes, which is measured using a sampling methodology as the average proportion of time during which route information is displayed correctly across all display time over a one-week period, and about 97.8% in showing real-time bus locations, which is measured using a sampling methodology as the average proportion of time during which buses were accurately located across the total location time over a one-week period, both above the industry average of approximately 90.0%, according to CIC. Additionally, its bus arrival time predictions have reached 90.0% accuracy, surpassing the industry average of approximately 85.0%, according to the same source.

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OUR STRENGTHS

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

- Leading real-time bus information platform in China;
- Research and development excellence in big data analytics;
- Efficient product development for various applications;
- Proven business models with diverse monetization strategies; and
- Visionary leadership fuels innovation in data intelligence.

See “Business — Our Strengths.”

OUR STRATEGIES

We intend to pursue the following strategies to further grow our business:

- Advance technology with a focus on time series data foundation models;
- Further broaden our product offerings;
- Continue to expand our sales and marketing efforts;
- Enlarge our talent pool; and
- Pursue strategic alliances and investment opportunities.

See “Business — Our Strategies.”

RISK FACTORS

[REDACTED] in the [REDACTED] involves certain risks as set out in “Risk Factors” in this Document, which could be categorized into (i) risks relating to our business and industry, (ii) risks relating to our corporate structure; (iii) risks relating to doing business in the jurisdiction where we operate, and (iv) risks relating to the [REDACTED]. Some of the major risks we are exposed to are as follows:

- We face intense competition, and if we fail to compete effectively, we may not be able to maintain or may lose market share, customers, users and partners;

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- The industries in which we operate are characterized by constant change. If we fail to develop new technologies to adapt to changing customer and user needs, industrial practices and rapid technological changes, our competitiveness may deteriorate and our business, results of operations and financial condition may be materially and adversely affected;
- We generate a significant portion of revenue from our mobile advertising services through Chelaile. If we fail to retain existing users or attract new ones, or if we are not able to retain and attract advertising customers and increase their advertising spendings, our business, results of operations and financial condition may be materially and adversely affected;
- Our customer concentration subjects us to the risks of revenue fluctuations and potential financial instability in the event of the termination of cooperation with our major customers; and
- Our offerings depend on third-party data sources, and, if we lose access to data provided by such data sources or the terms and conditions on which we obtain such access become less favorable, our business would be adversely affected.

OUR CUSTOMERS AND SUPPLIERS

Our customers consist primarily of programmatic advertising platforms and brand advertisers. The revenue attributable to our five largest customers in each year during the Track Record Period was RMB100.7 million, RMB126.4 million and RMB140.7 million in 2022, 2023 and 2024, respectively, accounting for 74.4%, 72.4%, and 68.2% of our total revenue for the corresponding years. The revenue attributable to our largest customer in each year during the Track Record Period was RMB42.2 million, RMB51.1 million, and RMB53.3 million in 2022, 2023 and 2024, respectively, accounting for 31.2%, 29.3%, and 25.9% of our total revenue for the corresponding years. We generated revenue of RMB23.7 million, RMB15.6 million, and RMB2.4 million from related parties for the corresponding years. See Note 32 to the Accountants’ Report in Appendix I to this Document. Among our five largest customers in each year during the Track Record Period, Customer F and Customer H are subsidiaries of our indirect shareholders. We generated revenue of RMB7.0 million, RMB14.5 million, and RMB7.8 million from Customer F in 2022, 2023 and 2024 and generated revenue of RMB14.4 million from Customer H in 2022. See “Business — Our Customers.”

Our suppliers consist primarily of (i) server rental service providers, (ii) advertising and promotion service providers, (iii) cross-network advertising service providers from which we procure additional advertising inventory, and (iv) transportation entities which grant us license to access and use their bus data. The purchases attributable to our five largest suppliers in each year during the Track Record Period were RMB13.2 million, RMB13.1 million, and RMB23.5 million in 2022, 2023 and 2024, respectively, accounting for 24.6%, 19.6%, and 28.3% of our total purchase amount for the corresponding years. The purchases attributable to our largest

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supplier in each year during the Track Record Period were RMB5.3 million, RMB5.1 million, and RMB8.4 million in 2022, 2023 and 2024, respectively, accounting for 9.8%, 7.7%, and 10.1% of our total purchase amount for the corresponding years. See “Business — Our Suppliers.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants’ Report set out in Appendix I to this Document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the Accountants’ Report set out in Appendix I to this Document, including the related notes. Our consolidated financial information was prepared in accordance with International Financial Reporting Standards (“IFRS”).

Summary of Consolidated Statements of Profit or Loss

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

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of Revenue	RMB	% of Revenue	RMB	% of Revenue
<i>(in thousands, except for percentages)</i>						
Revenue	135,379	100.0	174,536	100.0	206,137	100.0
Cost of sales	(36,577)	(27.0)	(41,292)	(23.7)	(48,690)	(23.6)
Gross profit	98,802	73.0	133,244	76.3	157,447	76.4
Other income and gains	5,615	4.1	6,930	4.0	6,721	3.3
Selling expenses	(27,653)	(20.4)	(33,446)	(19.2)	(38,254)	(18.6)
Administrative expenses	(13,890)	(10.3)	(33,661)	(19.3)	(56,236)	(27.3)
Research and development expenses	(24,990)	(18.5)	(33,851)	(19.4)	(42,512)	(20.6)
Impairment losses on financial assets, net	(23,708)	(17.5)	1,510	0.9	(4,370)	(2.1)
Fair value losses on financial liabilities at FVTPL	(29,455)	(21.8)	(55,545)	(31.8)	(42,968)	(20.2)
Other expenses and losses	(3,684)	(2.7)	(258)	(0.1)	(225)	(0.1)
Finance costs	(2,097)	(1.5)	(1,895)	(1.1)	(1,347)	(0.7)
Share of losses of associates	(300)	(0.2)	—	—	—	—
Loss before tax	(21,360)	(15.8)	(16,972)	(9.7)	(21,744)	(9.9)
Income tax credit/(expense)	1,323	1.0	(3,356)	(1.9)	(4,394)	(2.1)
Loss for the year	(20,037)	(14.8)	(20,328)	(11.6)	(26,138)	(12.0)

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Non-IFRS Measures

To supplement our consolidated financial statements which are presented under IFRS, we also use non-IFRS measures, namely adjusted net profit and adjusted net profit margin, as additional financial measures, which are not required by, or presented in accordance with IFRS.

We define adjusted net profit (non-IFRS measure) as loss for the year adjusted for (i) fair value losses on financial liabilities at FVTPL, (ii) [REDACTED], and (iii) equity-settled share-based payment expenses. Fair value losses on financial liabilities at FVTPL represent losses from changes in fair value of our Preferred Shares we issued to our investors. The Preferred Shares will be automatically converted into ordinary shares upon completion of the [REDACTED], and we do not expect to record further gains or losses in relation to valuation changes in such instruments after the [REDACTED]. [REDACTED] primarily consist of professional fees associated with the [REDACTED] and the [REDACTED]. Equity-settled share-based payment expenses consist of non-cash expenses arising from granting share options and restricted share units to eligible individuals under the pre-[REDACTED] share incentive plans. We calculate adjusted net profit margin (non-IFRS measure) by dividing adjusted net profit (non-IFRS measure) by total revenue for the year.

The following table reconciles our adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) for the years indicated:

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands, except for percentages)		
Loss for the year	(20,037)	(20,328)	(26,138)
Adjusted for:			
Fair value losses on financial liabilities at			
FVTPL	29,455	55,545	42,968
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equity-settled share-based payment expense . .	396	481	18,280
Non-IFRS measures:			
Adjusted net profit for the year	9,814	46,495	54,219
Adjusted net profit margin	7.2%	26.6%	26.3%

Our revenue increased by 18.1% from RMB174.5 million in 2023, to RMB206.1 million in 2024. This growth is primarily due to the increase in the revenue from mobile advertising services, which increased by 20.3% from RMB168.0 million in 2023 to RMB202.0 million in 2024, primarily driven by an increase in advertisement impressions on Chelaile.

SUMMARY

Our revenue increased by 28.9% from RMB135.4 million in 2022 to RMB174.5 million in 2023. This growth is mainly driven by increased revenue from mobile advertising services, which rose from RMB115.3 million in 2022 to RMB168.0 million in 2023, fueled by a rise in advertisement impressions on Chelaile due to the resurgence in public transit usage among daily commuters in China as the COVID-19 pandemic subsided.

See “Financial Information — Year to Year Comparison of Results of Operations.”

Our loss for the year increased from RMB20.3 million in 2023 to RMB26.1 million in 2024. This increase was primarily because our administrative expenses increased from RMB33.7 million to RMB56.2 million, in relation to our share-based awards to administrative personnels. The increase was partially offset by a decrease in our fair value losses on financial liabilities at FVTPL from RMB55.5 million to RMB43.0 million for the corresponding periods, mainly in relation to the appreciation of market value of our preferred shares.

Our loss for the year increased slightly from RMB20.0 million in 2022 to RMB20.3 million in 2023, primarily because (i) our fair value losses on financial liabilities at FVTPL, which represents losses from the fair value change of our Preferred Shares, increased from RMB29.5 million in 2022 to RMB55.5 million in 2023, indicating a higher valuation of our Company, and (ii) our administrative expenses increased from RMB13.9 million in 2022 to RMB33.7 million in 2023, mainly due to the [REDACTED] of RMB[REDACTED] incurred in 2023. The increase in net loss was partially offset by an increase in our revenue from RMB135.4 million in 2022 to RMB174.5 million in 2023.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
ASSETS			
Non-current assets			
Property and equipment	1,522	2,116	1,602
Right-of-use assets	5,069	2,959	1,571
Intangible assets	85	109	328
Investment in associates	—	—	—
Prepayments, other receivables and other assets	1,020	316	163
Equity investment designated at fair value through OCI	—	—	8,960
Financial investments at FVTPL	2,998	3,496	15,242
Time deposits	—	30,000	30,000
Deferred tax assets	26,547	23,191	18,797
Total non-current assets	37,241	62,187	67,703

SUMMARY

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Current assets			
Accounts receivable	35,696	46,724	33,659
Prepayments, other receivables and other assets	10,348	19,176	23,419
Financial investments at FVTPL	53,544	40,092	43,079
Cash and cash equivalents	48,354	55,511	56,306
Total current assets	147,942	161,503	156,463
Total assets	185,183	223,690	224,166
LIABILITIES			
Current liabilities			
Account payables	5,422	4,233	7,864
Contract liabilities	465	1,132	439
Other payables and accruals	15,049	38,470	31,480
Interest-bearing bank and other borrowings	30,965	40,000	30,000
Lease liabilities	2,660	2,631	1,178
Financial liabilities at FVTPL	390,009	403,248	465,189
Total current liabilities	444,570	489,714	536,150
Net current liabilities	(296,628)	(328,211)	(379,687)
Non-current liabilities			
Lease liabilities	2,287	158	108
Total non-current liabilities	2,287	158	108
Total liabilities	446,857	489,872	536,258
Net liabilities	(261,674)	(266,182)	(312,092)

Our net current liabilities increased from RMB328.2 million as of December 31, 2023 to RMB379.7 million as of December 31, 2024, due to an increase in our current liabilities and a decrease in our current assets. Our current liabilities increased by 9.5% from RMB489.7 million as of December 31, 2023 to RMB536.1 million as of December 31, 2024, primarily due to an increase in financial liabilities at FVTPL of RMB61.9 million, reflecting an increase in the valuation of our Company, partially offset by a decrease in our other payables and accruals of RMB7.0 million, mainly due to the decreases in Preferred Shares repurchase consideration payable and payroll and welfare. Our current assets decreased from RMB161.5 million as of December 31, 2023 to RMB156.5 million as of December 31, 2024, primarily due to a decrease in accounts receivable of RMB13.1 million mainly as a result of the settlement of amounts due from a related party for our data technology services provided, partially offset by an increase in financial investments at FVTPL of RMB3.0 million.

Our net current liabilities increased from RMB296.6 million as of December 31, 2022, to RMB328.2 million as of December 31, 2023, due to an increase in our current liabilities, which outpaced an increase in our current assets. Our current liabilities increased from RMB444.6 million as of December 31, 2022, to RMB489.7 million as of December 31, 2023, primarily attributed to (i) an increase in other payables and accruals of RMB23.4 million, primarily due

SUMMARY

to an increase in Preferred Shares repurchase consideration payable of in connection with our repurchase of the Preferred Shares we issued to one of our Shareholders and an increase in [REDACTED] payables, and (ii) an increase in financial liabilities at FVTPL of RMB13.2 million, reflecting an increase in the valuation of our Company. Our current assets increased from RMB147.9 million as of December 31, 2022 to RMB161.5 million as of December 31, 2023, primarily attributed to (i) an increase in accounts receivable of RMB11.0 million, primarily due to the overall growth of our business operations, and (ii) an increase in prepayments, other receivables and other assets of RMB8.8 million, partially offset by a decrease in financial investments at FVTPL of RMB13.5 million, as our structured deposits in banks gradually matured.

See “Financial Information — Liquidity and Capital Resources — Current Assets and Current Liabilities.”

Our net liabilities increased from RMB261.7 million as of December 31, 2022, to RMB266.2 million as of December 31, 2023, primarily because we recorded a loss for the year of RMB20.3 million and exchange differences on translation of entities not operating in China of RMB7.1 million in 2023. The increase was partially offset by the increase in our capital reserve of RMB22.2 million as a result of the repurchase of our Shares in 2023. Our net liabilities further increased to RMB312.1 million as of December 31, 2024, primarily due to the decrease in our capital reserve of RMB22.6 million as a result of the repurchase of our Shares in 2024. See “Consolidated Statements of Changes in Equity” of the Accountants’ Report in Appendix I to this Document.

Our net liabilities as of December 31, 2022, 2023 and 2024 were primarily due to the balance of our financial liabilities at FVTPL, representing our Preferred Shares subscribed by various series of Pre-[REDACTED] investors, in an amount of RMB390.0 million, RMB403.2 million, and RMB465.2 million as of the respective dates. Upon the completion of the [REDACTED], these financial liabilities will be re-designated from liabilities to equity due to the automatic conversion of these Preferred Shares into ordinary shares. This re-designation is expected to transform our net liabilities position into net assets.

Our prepayments, other receivables and other assets consist primarily of our other loans receivable due from Beijing Yuanfeng, Beijing Jianwu, Whale Dynamic and Luokai Cloud. We provided a loan to Beijing Yuanfeng with a maximum aggregate cap of RMB20.0 million, accruing interest at an annual rate of 2% in 2021. We provided a loan to Beijing Jianwu with a maximum aggregate cap of RMB7.0 million, accruing interest at an annual rate of 2%. We recorded an impairment loss of RMB23.2 million on loan and other receivables from Beijing Yuanfeng and Beijing Jianwu based on our estimates on the possibility of their repayments to us, considering the net liability position and operating performance of these two companies in 2022. We also provided a loan of RMB3.0 million to Whale Dynamic in March 2023 with an annual interest rate of 3% and a loan of RMB1.8 million to Luokai Cloud in September 2023 with an annual interest rate of 6%. See “Financial Information — Discussion of Certain Key Items on Consolidated Statements of Financial Position — Assets — Prepayments, Other Receivables and Other Assets.”

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Summary of Consolidated Statement of Cash Flows

The following table sets forth our selected cash flow data for the years indicated:

	For the Year Ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Net cash flows from operating activities	13,404	41,066	56,424
Net cash flows from/(used in) investing activities	2,435	(19,602)	(17,384)
Net cash flows from/(used in) financing activities	(8,969)	(14,484)	(38,814)
Net increase in cash and cash equivalents	6,870	6,980	226
Cash and cash equivalents at the beginning of the year	41,165	48,354	55,511
Effect of foreign exchange rate changes, net.	319	177	569
Cash and cash equivalents at the end of the year	48,354	55,511	56,306

Key Financial Ratios

The following table sets forth our selected financial indicators for the years and as of the dates indicated:

	Year Ended or As of December 31,		
	2022	2023	2024
Profitability indicators			
Gross margin ⁽¹⁾	73.0%	76.3%	76.4%
Adjusted net profit margin (non-IFRS measure) ⁽²⁾	7.2%	26.6%	26.3%

Notes:

- (1) Gross margin equals gross profit divided by revenue for the year.
- (2) Adjusted net profit margin (non-IFRS measure) equals adjusted net profit (non-IFRS measure) divided by revenue for the years.

See “Financial Information.”

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IMPACT OF COVID-19

The COVID-19 outbreak disrupted business activities in China and globally during the Track Record Period. The pandemic led to travel restrictions and business shutdowns, which had impacted our operations to a certain degree. Specifically, travel restrictions limited the commuting activities of urban travelers, leading to decreased use of Chelaile in 2022 and a decrease in our revenue from mobile advertising services. In response to the negative impact of COVID-19, we strategically diversified our offerings beyond the public bus sector. Additionally, we benefited from government support policies for businesses negatively impacted by the outbreak, such as social insurance contribution relief and rent concessions, which alleviated the adverse effects of COVID-19 on our financial performance in 2022.

The relaxation of most travel restrictions and quarantine measures by the end of 2022 facilitated a recovery in user engagement as public transportation resumed normal operations. The average MAUs on Chelaile increased by 17.6% from approximately 21.5 million in 2022 to approximately 25.3 million in 2023, leading to a 45.7% increase in revenue from mobile advertising services, from RMB115.3 million in 2022 to RMB168.0 million in 2023. See “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Our General Operations — We face risks related to natural disasters, health epidemics and other business continuity problem, which could significantly disrupt our business, results of operations and financial condition” for more information on the potential future impacts of COVID-19 and other health epidemics.

DATA PRIVACY AND PROTECTION

By securing users’ consent, we analyze behavior and patterns derived from interactions with Chelaile. We may from time to time collect users’ personal information such as their mobile phone number or location information. To ensure security and confidentiality of the statistics derived from Chelaile users, we have implemented data security and protection protocols that cover various aspects of data management, encompassing data classification, the entire data lifecycle (including collection, storage, use, transmission, processing, disclosure and deletion) and stringent confidentiality procedures. Our measures to safeguard our proprietary data and user information include, but not limited to, measures in relation to the collection of user information, technological security measures for data processing, transmission and usage, access control measures and security systems. Furthermore, we enter into confidentiality agreements with our employees who have access to confidential information. See “Business — Data Privacy and Protection” for more details.

SUITABILITY FOR [REDACTED]

From February 2010 to December 2016, Dr. Shao served as the chief executive officer, director and legal representative of Wuhan Yuanguang. Dr. Shao and certain then employees of Wuhan Yuanguang (collectively, the “**Defendants**”) were involved in a criminal proceeding in which they were charged of illegal acquisition of data of computer information system (the “**Case**”). The court found that the Defendants utilized data scraping software to acquire the

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original datasets containing information on bus movements and estimated arrival times from a third party’s server to enhance the accuracy of information displayed on Chelaile (車來了). The Court concluded that the Defendants’ actions amounted to the offense of illegal acquisition of computer information system data under the PRC Criminal Law. The Court further established that these criminal acts constituted a corporate crime, thereby holding Dr. Shao, the legal representative of Wuhan Yuanguang, legally accountable for these actions. The Court found that the Defendants’ acquisition of data primarily served the purpose of data comparison and concluded that their motive behind the actions was not malicious. As a result, in July 2017, the Court decided to impose a suspended sentence (緩刑) on the Defendants. Dr. Shao received a three-year imprisonment sentence, which was accompanied by a four-year suspended sentence and a fine of RMB100,000. Upon the completion of the suspended sentence, the original imprisonment sentence would not be enforced.

Following the Case, Dr. Shao resigned from (i) his positions as chief executive officer and director of the Company around May 2018 and (ii) his positions as manager and director of all principal entities of the Group by July 2021. To prevent the recurrence of similar non-compliances and safeguard the integrity and security of the bus data the Company sourced from transportation entities and third-party websites, a robust governance framework aimed to prevent non-compliance incidents in relation to data usage and operation has been implemented. See “Business — Data Privacy and Protection — Bus Data Governance Framework” for details.

The Company is of the view that, taking into consideration of the aforesaid and the mechanism under which Dr. Shao could not exercise his voting rights over the Company through WeBus Ltd. pursuant to the 2017 Voting Agreement, the Group functioned independently from Dr. Shao during the Track Record Period and the Case does not affect the Company’s suitability for [REDACTED] on the Stock Exchange (the “**Company’s View on Suitability for [REDACTED]**”). Up to the date of this Document, Dr. Shao did not hold any directorate or managerial position within the Group.

Based on the independent due diligence work conducted by the Sole Sponsor and taking into account the views and basis of the Company as disclosed above, nothing has come to the attention of the Sole Sponsor that would reasonably cause the Sole Sponsor to cast doubt on the Company’s View on Suitability for [REDACTED] in any material respects.

As advised by Campbells, the Company’s Cayman Legal Advisors, according to the six amended and restated memorandum and articles of association of the Company (“**Sixth Amended M&A**”) currently in effect, share issuance shall be approved by the Board of Directors and approved in writing by (i) all of Bus Dream, Bus Hope and Bus Cherish, and (ii) the Preferred Majority which shall include the Series A Majority and the Series B Majority in writing in advance.

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Based on the aforesaid which sets out the approval requirement for issuance of Shares under the Sixth Amended M&A, assuming that (1) the Company will not pass any board resolutions to approve any issuance of Shares to Bus Dream, its ultimate beneficial owners, Dr Shao and/or his associates (collectively as the “**Seller Parties**”); (2) none of Bus Dream, Bus Hope, Bus Cherish or Preferred Majority will give their consents to approve the issuance of any Shares to any of the Seller Parties; and (3) the Sixth Amended M&A remains in full force until the [REDACTED], Campbells is of the view that the Company will not be able to obtain the necessary approvals required under the Sixth Amended M&A to issue any new Shares (including the Repurchased Shares) to the Seller Parties prior to the [REDACTED].

In addition, taking into account the confirmations obtained from the then Directors and relevant shareholders and based on the Company’s sixth amended and restated memorandum and articles of association currently in effect, the Company is of the view that Dr. Shao and/or his associate cannot claim back any of the Repurchased Shares (the “**Company’s View on Claiming back of Repurchased Shares by Dr. Shao**”).

Based on the independent due diligence work conducted by the Sole Sponsor, the Directors Confirmations and the Shareholders’ Confirmations, and taking into account the views and basis of the Company and the Company’s Cayman Legal Advisors as disclosed above, nothing has come to the attention of the Sole Sponsor that would reasonably cause the Sole Sponsor to cast doubt on the Company’s View on Claiming back of Repurchased Shares by Dr. Shao in any material respects.

For further details, see “History, Reorganization and Corporate Structure — Reorganization — Shareholding Restructuring of the Company.”

SINGLE LARGEST SHAREHOLDERS GROUP

Since the incorporation of the Company in 2015 and prior to the shareholding restructuring in 2023, WeBus Ltd. has been holding the largest equity interest in the Company. WeBus Ltd. was held as to (i) 58.63% by Dr. Shao through Bus Dream Ltd (“**Bus Dream**”, which is wholly owned and ultimately controlled by Dr. Shao); (ii) 27.59% by Mr. Chen through Bus Hope Ltd. (“**Bus Hope**”, which is wholly owned and ultimately controlled by Mr. Chen); and (iii) 13.78% by Mr. Xiao through Bus Cherish Ltd. (“**Bus Cherish**”, which is wholly owned and ultimately controlled by Mr. Xiao), respectively. Pursuant to the voting agreement executed by Dr. Shao on April 18, 2017, Dr. Shao (for himself and on behalf of Bus Dream), granted the voting rights associated with his entire 58.63% equity interest in WeBus Ltd. to Dr. Sun, our executive Director and chief executive officer. Accordingly, Dr. Sun, Mr. Chen and Mr. Xiao (together with their controlled entities) constitute a single largest group of shareholders immediately prior to the shareholding restructuring in 2023.

As of the date of the Document, the Company was owned as to approximately 4.46% by Bus Dream, approximately 6.87% by Bus Hope, approximately 5.17% by Bus Cherish, and approximately 8.71% by Meta Hope Ltd. (“**Meta Hope**”) (which is wholly owned by Dr. Sun), respectively.

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Pursuant to the 2023 Voting Agreement, Dr. Shao (together with Bus Dream) granted the voting rights associated with his entire equity interest in Bus Dream to Dr. Sun (together with Meta Hope).

To streamline and optimize the shareholding structure and to ensure the stable ownership and business development of our Group, Dr. Sun, Mr. Chen, Mr. Xiao and their respective controlled entities, namely Meta Hope, Bus Hope and Bus Cherish (each a “**Concert Party**” and collectively, the “**Concert Parties**”), entered into the acting-in-concert agreement on December 30, 2023 (the “**AIC Agreement**”).

Immediately prior to the completion of the [REDACTED], taking into account the voting rights granted to Dr. Sun through the 2023 Voting Agreement, the Concert Parties and Bus Dream (the voting rights of which is exercised by Dr. Sun pursuant to the 2023 Voting Agreement) are collectively interested in, and are entitled to exercise control over, an aggregate of approximately 25.21% of our voting rights. Therefore, the Concert Parties and Bus Dream constitute the Single Largest Shareholders Group. Immediately upon the completion of the [REDACTED], the Concert Parties and Bus Dream will control approximately [REDACTED]% of our voting rights and will remain as the Single Largest Shareholders Group.

PRE-[REDACTED] INVESTORS

We have attracted certain Pre-[REDACTED] Investors since our establishment to raise funds for the development of our business. For further details of the identity and background of the Pre-[REDACTED] Investors, see “History, Reorganization and Corporate Structure — Pre-[REDACTED] Investments.”

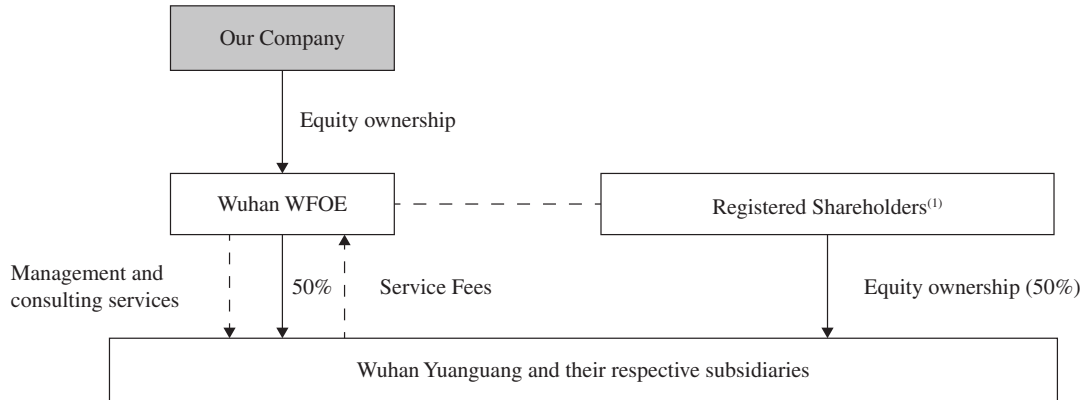
CONTRACTUAL ARRANGEMENTS

Under the PRC laws and regulations, the provision of telecommunication information services through mobile apps and internet engaged by Wuhan Yuanguang involves the provision of value-added telecommunication service in the PRC, which is subject to foreign investment restrictions. In particular, such business falls under the scope of internet information services, a sub-category of value-added telecommunication service in the PRC, which are the restricted businesses under the Special Administrative Measures for Access of Foreign Investments (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單) (2024年版)》) (the “**Negative List**”), and foreign investors are restricted from holding more than 50% equity interests in companies providing such business.

In light of the foreign investment restriction, in order to comply with PRC laws and regulations and maintain effective control over all of our operations as well as to obtain the maximum economic benefits of the Consolidated Affiliated Entities, a series of contractual arrangements have been entered into by, among others, Wuhan WFOE, Wuhan Yuanguang and the Registered Shareholders (the “**Contractual Arrangements**”). Through shareholdings and the Contractual Arrangements, we have maintained effective control over the financial and

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operational policies of the Consolidated Affiliated Entities and have become entitled to substantially all the economic benefits from their operations. The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group under the Contractual Arrangements.



Notes:

“ ———→ ” denotes beneficial ownership in the equity interest.

“ — — → ” denotes contractual relationship.

“ — — — — ” denotes the control by Wuhan WFOE over the registered shareholders of Wuhan Yuanguang and Wuhan Yuanguang through (i) power of attorney to exercise the shareholders’ rights in Wuhan Yuanguang, (ii) exclusive options to acquire all or part of the equity interests and assets of Wuhan Yuanguang and (iii) equity pledges over the equity interests held by the registered shareholders in Wuhan Yuanguang.

- (1) The Registered Shareholders of Wuhan Yuanguang are Mr. Chen and Mr. Xiao, holding approximately 33.33% and 16.67% equity interests, respectively.

For further information about the Registered Shareholders, see “History, Reorganization and Corporate Structure.”

RECENT DEVELOPMENT

As part of our international expansion, Chelaile began extending its real-time data coverage to Hong Kong on March 28, 2025.

Our Directors confirm that, up to the date of this Document, there had been no material adverse change in financial, trading positions or prospects of our Group since December 31, 2024, being the end date of our latest consolidated financial statements as set out in Appendix I to this Document, and there had been no event since December 31, 2024 which would materially affect the information in the Accountants’ Report set out in Appendix I to this Document. However, our financial performance may be affected by changes in the fair value of financial liabilities at FVTPL until their conversion into equity upon [REDACTED].

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DIVIDEND

During the Track Record Period, we did not declare or distribute any dividends. Any future determination to pay dividends will be made at the discretion of our board of directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We are a holding company incorporated in the Cayman Islands. In order for us to distribute any dividends to our shareholders, we rely on dividends, loans, or other distributions on equity paid by our operating subsidiaries in China and on remittances, including loans, from our variable interest entities in China. Under the Cayman Islands law, we may pay a dividend out of either profits or share premium account, provided that doing so does not prevent us from paying our debts as they come due in the ordinary course of our business. Should we decide to make dividend distribution in the future, we will need to assess whether such a plan would impair our ability to meet our debt obligations in accordance with Cayman Islands law. Dividend distributions from our PRC subsidiaries to us are subject to PRC taxes, such as withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

THE [REDACTED]

This Document is published in connection with the [REDACTED] as part of the [REDACTED]. The [REDACTED] comprises (subject to adjustment):

- the [REDACTED] of [REDACTED] Shares (subject to adjustment as mentioned below) for [REDACTED] by the public in Hong Kong as described in “Structure of the [REDACTED] — The [REDACTED]”; and
- the [REDACTED] of [REDACTED] Shares (subject to adjustment as mentioned below) outside the United States (including to professional and institutional [REDACTED] within Hong Kong) in offshore transactions in reliance on Regulation S under the U.S. Securities Act as described in “Structure of the [REDACTED] — The [REDACTED].”

[REDACTED] may apply for the [REDACTED] under the [REDACTED] or indicate an interest, if qualified to do so, for the [REDACTED] under the [REDACTED], but may not do both.

The [REDACTED] will represent approximately [REDACTED]% of the enlarged issued share capital of our Company immediately after completion of the [REDACTED] (assuming that no new Shares are issued under the Share Incentive Plans).

SUMMARY

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] Shares are issued pursuant to the [REDACTED]; (ii) no new Shares are issued under the Share Incentive Plans; and (iii) [REDACTED] Shares are issued and outstanding following the completion of the [REDACTED].

	Based on an [REDACTED] of HK\$[REDACTED] per Share
[REDACTED] of the Shares following the completion of the [REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽¹⁾ .	HK\$[REDACTED]

Note:

- (1) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is on the basis that [REDACTED] Shares are in issue assuming the [REDACTED] has been completed, excluding any Shares which may be granted, issued or repurchased by our Company pursuant to the general mandates.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. The estimated total [REDACTED] for the [REDACTED] are approximately RMB[REDACTED] (accounting for approximately [REDACTED]% of our gross [REDACTED]). The estimated total [REDACTED] consist of (i) [REDACTED]-related expenses (including but not limited to [REDACTED] and fees) of approximately RMB[REDACTED], and (ii) non-[REDACTED]-related expenses of approximately RMB[REDACTED], which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[REDACTED], and other fees and expenses of approximately RMB[REDACTED].

In 2022, we incurred [REDACTED] for the [REDACTED] of nil. In 2023 and 2024, we incurred [REDACTED] of RMB[REDACTED] and RMB[REDACTED], which was charged to the consolidated statements of profit or loss. We expect to incur additional [REDACTED], (i) approximately RMB[REDACTED] (approximately HK\$[REDACTED]) of which is expected to be charged in profit or loss subsequent to the Track Record Period, and (ii) approximately RMB[REDACTED] (approximately HK\$[REDACTED]) of which is expected to be directly attributable to the issue of [REDACTED] and will be recognized as a deduction in equity directly upon the [REDACTED]. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

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USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting estimated [REDACTED], fees and expenses payable by us in connection with the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share.

We currently intend to apply the net [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used in enhancing our technological capabilities;
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for sales and marketing efforts to enhance our market presence and brand recognition;
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to recruit (i) product development professionals to refine existing features and incorporate more AI-enabled features into our current products, (ii) operational professionals to manage and operate these offerings and supervise interactions with users and customers, and (iii) experts with specialized experience in the industries we plan to expand into; and
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], is expected to be used for working capital and general corporate purposes.

See “Future Plans and Use of [REDACTED].”

OVERSEAS LISTING

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and relevant five guidelines, which came into force on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and submit relevant information to the CSRC within three business days after such application is submitted.

Our PRC Legal Advisor is of the view that the [REDACTED] shall be deemed to be an overseas [REDACTED] and [REDACTED] under the Trial Administrative Measures. Therefore, we are required to complete the filing procedures with the CSRC with respect to the [REDACTED] within the specified time limit. Pursuant to the Trial Administrative Measures, we filed requisite materials with the CSRC with respect to the [REDACTED] within specified time limit on June 5, 2024. The CSRC issued a notification on January 6, 2025, confirming our completion of the filing pursuant to the Trial Administrative Measures for the [REDACTED].

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in “Glossary.”

“2015 Share Incentive Plan”	the pre-[REDACTED] share incentive plan approved and adopted by the Company adopted on October 20, 2015, the principal terms of which are set out in “Statutory and General Information — D. Share Incentive Plans — 1. 2015 Share Incentive Plan” in Appendix IV in the Document
“2023 Share Incentive Plan”	the pre-[REDACTED] share incentive plan conditionally approved and adopted by the Company adopted on April 1, 2024, the principal terms of which are set out in “Statutory and General Information — D. Share Incentive Plans — 2. 2023 Share Incentive Plan” in Appendix IV in the Document
“2023 Voting Agreement”	the voting agreement dated December 30, 2023 entered into by, among others, Dr. Shao and Dr. Sun, pursuant to which Dr. Shao (together with his wholly-owned entity, Bus Dream Ltd.) granted the voting rights associated with his entire indirect equity interest in the Company to Dr. Sun and his wholly-owned entity, Meta Hope Ltd.
“Accountants’ Report”	the accountants’ report from the reporting accountants of our Company, the text of which is set out in Appendix I to this Document
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council, the full-fledged independent auditor regulator of Hong Kong established under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
“Articles” or “Articles of Association”	the articles of association, adopted by the Shareholders on [●], 2025 and as amended, supplemented or otherwise modified from time to time, a summary of which is set forth in Appendix III to this Document

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Beijing WFOE”	Beijing Yuanguang Zhixing Information Technology Co., Ltd. (北京元光智行信息技术有限公司), a limited liability company established in the PRC on August 11, 2015, which is wholly-owned by MetaLight Technology HK Limited, an indirect wholly-owned subsidiary of our Company
“Beijing Yuanguang”	Beijing Yuanguang Zhixing Technology Co., Ltd. (北京元光智行科技有限公司), a limited liability company established in the PRC on May 6, 2015, an indirect wholly-owned subsidiary of our Company
“Board” or “Board of Directors”	the board of Directors of the Company
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open to the public for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate

[REDACTED]

“Cayman Companies Act,” “Companies Act” or “Cayman Companies Law”	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time

[REDACTED]

“China” or “the PRC”	the People’s Republic of China, and for the purposes of this Document only, except where the context requires otherwise, excluding Hong Kong, Macao and Taiwan region of the People’s Republic of China

DEFINITIONS

“CIC”	China Insights Industry Consultancy Limited, an independent professional market research and consulting company
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company,” “our Company” or “the Company”	MetaLight Inc., an exempted company incorporated with limited liability in the Cayman Islands on May 21, 2015
“Compliance Advisor”	Altus Capital Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entity(ies)”	the entities we control through the Contractual Arrangements, being Wuhan Yuanguang and its subsidiaries, details of which are set out in “History, Reorganization and Corporate Structure”
“Contractual Arrangement(s)”	the series of contractual arrangements entered into by, among others, the Consolidated Affiliated Entities, Wuhan WFOE and the Registered Shareholders, details of which are set out in “Contractual Arrangements”
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “our Director(s)”	the director(s) of the Company

DEFINITIONS

“Dr. Shao”	Dr. Shao Lingshuang (邵凌霜), founder of our Group
“Dr. Sun”	Dr. Sun Xi (孫熙), an executive Director, chairman of the Board, chief executive officer of our Company and a member of the Single Largest Shareholders Group
“EIT”	Enterprise Income Tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“Exchange Participant”	has the meaning ascribed to it under the Listing Rules
“Extreme Condition(s)”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[REDACTED]

“Foreign Investment Law”	the PRC Foreign Investment Law (《中華人民共和國外商投資法》), as amended, supplemented or otherwise modified from time to time

[REDACTED]

“Governmental Authority(ies)”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational

DEFINITIONS

“Group,” “our Group,” “the Group,” “we,” “us,” or “our”	the Company, its subsidiaries and consolidated affiliated entities, from time to time, including where the context otherwise requires, any companies and businesses transferred to the Group as part of the Reorganization (as the case may be)
“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong Takeovers Code” or “Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time

[REDACTED]

“IFRS(s)”	International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board
“Independent Third Party(ies)”	any entity or person who is not a connected person of the Company or an associate of such person within the meaning ascribed to it under the Listing Rules

DEFINITIONS

[REDACTED]

“Latest Practicable Date”

March 12, 2025, being the latest practicable date for ascertaining certain information in this Document before its publication

“Laws”

all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees, or rulings of any Governmental Authority (including, without limitation, the Stock Exchange and the SFC) of all relevant jurisdictions

DEFINITIONS

[REDACTED]

“Listing Committee” the Listing Committee of the Stock Exchange

[REDACTED]

“Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

“Macao” the Macao Special Administrative Region of the PRC

“Main Board” the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange

“Memorandum of Association” or “Memorandum” the memorandum of association, adopted by the Shareholders on [●], 2025 and, as amended from time to time, a summary of which is set forth in Appendix III to this Document

“MIIT” Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry)

“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)

“MOT” the Ministry of Transport of the PRC (中華人民共和國交通運輸部)

“Mr. Chen” Mr. Chen Xiao (陳曉), a member of the Single Largest Shareholders Group

“Mr. Xiao” Mr. Xiao Pingyuan (肖平原), a member of the Single Largest Shareholders Group

DEFINITIONS

“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (全國人民代表大會)

[REDACTED]

“Overseas Listing Trial Measures”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines promulgated by the CSRC on February 17, 2023 and effective on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行)
“PRC Government”	the central government of the PRC, including all governmental subdivisions (including principal, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC Legal Advisor”	Han Kun Law Offices, our legal advisor on PRC law

DEFINITIONS

“Preferred Shares”	Series Seed A Preferred Shares, Series Seed B Preferred Shares, Series A Preferred Shares, Series A-1 Preferred Shares, Series B Preferred Shares, Series B1-1 Preferred Shares, Series B1-2 Preferred Shares, Series B1-3 Preferred Shares, Series B1-4 Preferred Shares, Series B1-5 Preferred Shares and Series C Preferred Shares
“Pre-[REDACTED] Investment(s)”	the investments in the Company undertaken by the Pre-[REDACTED] Investors pursuant to the definitive agreements, as applicable, prior to this [REDACTED], the details of which are set out in “History, Reorganization and Corporate Structure” in the Document
“Pre-[REDACTED] Investor(s)”	the investors as set out in “History, Reorganization and Corporate Structure — Pre-[REDACTED] Investments — Information about the Pre-[REDACTED] Investors” in the Document
	[REDACTED]
“Province”	each being a province or, where the context requires, a provincial-level autonomous region or municipality under the direct supervision of the central government of the PRC
“Registered Shareholders”	the registered shareholders of Wuhan Yuanguang, namely Mr. Chen and Mr. Xiao, holding approximately 33.33% and 16.67% equity interests, respectively
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reorganization”	the corporate reorganization of the Group in preparation for the [REDACTED], particulars of which are set out in “History, Reorganization and Corporate Structure” in the Document

DEFINITIONS

“RSU(s)”	a restricted share unit award that may be granted to a participant under the Share Incentive Plans
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which has been merged into SAMR
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	the State Taxation Administration of the PRC (國家稅務總局)
“SCNPC”	the Standing Committee of the National People’s Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Series A Preferred Shares”	series A preferred shares of US\$0.0001 of the Company, having the rights and privileges set forth in the Articles
“Series A-1 Preferred Shares”	series A-1 preferred shares of US\$0.0001 of the Company, having the rights and privileges set forth in the Articles
“Series B Preferred Shares”	series B preferred shares of US\$0.0001 of the Company, having the rights and privileges set forth in the Articles
“Series B1-1 Preferred Shares”	series B1-1 preferred shares of US\$0.0001 of the Company, having the rights and privileges set forth in the Articles
“Series B1-2 Preferred Shares”	series B1-2 preferred shares of US\$0.0001 of the Company, having the rights and privileges set forth in the Articles

DEFINITIONS

“Series B1-3 Preferred Shares”	series B1-3 preferred shares of US\$0.0001 of the Company, having the rights and privileges set forth in the Articles
“Series B1-4 Preferred Shares”	series B1-4 preferred shares of US\$0.0001 of the Company, having the rights and privileges set forth in the Articles
“Series B1-5 Preferred Shares”	series B1-5 preferred shares of US\$0.0001 of the Company, having the rights and privileges set forth in the Articles
“Series C Preferred Shares”	series C preferred shares of US\$0.0001 of the Company, having the rights, privileges, preferences and restrictions set forth in the Articles
“Series Seed A Preferred Shares”	series Seed A preferred shares of US\$0.0001 of the Company, having the rights and privileges set forth in the Articles
“Series Seed B Preferred Shares”	series Seed B preferred shares of US\$0.0001 of the Company, having the rights and privileges set forth in the Articles
“SFC”	Securities and Futures Commission of Hong Kong
“Share Incentive Plans”	the 2015 Share Incentive Plan and the 2023 Share Incentive Plan
“Share(s)” or “Ordinary Share(s)”	the ordinary share(s) in the share capital of the Company with a par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Single Largest Shareholders Group”	Dr. Sun, Mr. Chen, Mr. Xiao and their respective controlled entities (being Meta Hope Ltd., Bus Hope Ltd. and Bus Cherish Ltd.), and Bus Dream Ltd. (the voting rights of which is exercised by Dr. Sun pursuant to the 2023 Voting Agreement)
“Sole Sponsor”	China International Capital Corporation Hong Kong Securities Limited
“State Council”	the State Council of the PRC (中華人民共和國國務院)

DEFINITIONS

“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Track Record Period”	the period comprising the years ended December 31, 2022, 2023 and 2024
“U.S.” or “United States”	United States of America, its territories, its possessions, and all areas subject to its jurisdiction
“U.S. Persons”	U.S. persons as defined in Regulation S
“U.S. SEC”	the Securities and Exchange Commission of the United States
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[REDACTED]

“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“VAT”	value-added tax

[REDACTED]

“Wuhan Chexing”	Wuhan Chexing Weilai Technology Co., Ltd. (武漢車行未來科技有限公司), a limited liability company established in the PRC on December 9, 2016, an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Wuhan WFOE”	Wuhan Yuanguang Intelligent Technology Co., Ltd. (武漢元光智能科技有限公司), a limited liability company established in the PRC on January 8, 2024, which is wholly-owned by MetaLight Technology HK Limited, an indirect wholly-owned subsidiary of our Company
“Wuhan Yuanguang”	Wuhan Yuanguang Technology Co., Ltd. (武漢元光科技有限公司), a limited liability company established in the PRC on February 4, 2010, one of our Consolidated Affiliated Entities
“%”	per cent

Unless otherwise specified, all references in this Document to any shareholdings in our Company following the completion of the [REDACTED] assume that no new Shares are issued under the Share Incentive Plans.

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

Certain amounts and percentage figures included in this Document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

GLOSSARY OF TECHNICAL TERMS

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

“advertising inventory”	the total amount of space available for advertisements at a given time
“AI”	artificial intelligence, the capability of computer systems or algorithms to simulate intelligent human behavior
“AI model”	a program that has been trained on a set of data to recognize patterns, make predictions or decisions without human intervention
“AI Model Building Platform”	our proprietary platform designed to streamline the process of building AI models and foundation models
“algorithm”	a procedure or sequence of steps, often implemented in computer code, designed to perform a specific task or solve a particular problem
“CAGR”	compound annual growth rate
“Chelaile”	our proprietary online platform designed to provide commuters with real-time bus information, accessible primarily through a mobile app, Weixin mini program, and Alipay mini program
“cumulative user”	the total number of users who have interacted with Chelaile via the mobile app, Weixin mini program, or Alipay mini program since the launch of Chelaile
“emerging tier-1 city”	any or all of the cities including Chengdu, Chongqing, Hangzhou, Wuhan, Suzhou, Xi’an, Nanjing, Changsha, Tianjin, Zhengzhou, Dongguan, Qingdao, Kunming, Ningbo and Hefei, according to a 2023 ranking published by Yicai (第一財經), a prominent finance media company in China
“foundation model”	a machine learning or deep learning model that is trained on broad data such that it can be applied across a wide range of use cases

GLOSSARY OF TECHNICAL TERMS

“GPU”	graphic processing unit, a specialized electronic circuit designed to rapidly manipulate and alter memory to accelerate the creation of images
“IoT”	internet of things, the extension of internet connectivity into physical devices and everyday objects
“long short-term memory” or “LSTM”	a type of RNN designed to address the vanishing gradient problem present in traditional RNN given its relative sensitivity to gap length by introducing a memory cell that can hold information for an extended period into the model, which is capable of learning long-term dependencies in time series data and makes the LSTM architecture well suited for time series forecasting, language translation and speech recognition
“monthly active users” or “MAUs”	the number of users who have interacted with Chelaile via the mobile app, Weixin mini program, or Alipay mini program at least once in a given month
“programmatic advertising”	the automatic buying and selling of online advertising inventory through an algorithmic process, using real-time bidding on digital advertising inventories
“real-time bidding”	a digital advertising process where advertising impressions are bought and sold on a per-case basis through a programmatic instantaneous auction
“recurrent neural network” or “RNN”	a type of artificial neural networks, characterized by the direction of the flow of information between its layers, which is trained on time series data to create a machine learning model that can make sequential predictions or conclusions based on the inputs of time series data, and can be used in various scenarios from predicting daily flood levels based on past daily flood, tide and meteorological data to language translation, natural language processing, speech recognition and image captioning

GLOSSARY OF TECHNICAL TERMS

“spatial-temporal model”	a model designed to process spatiotemporal data that is collected across time and space and has at least on spatial and on temporal property, to identify the spatial connections between data points, capture sequential dependencies and make inferences or predictions based on the inputs of spatiotemporal data, which can be used in traffic prediction, weather forecasts and abnormality detection
“spatiotemporal indexing technology”	a technology that supports efficient storage, retrieval, inquiry and analysis of spatiotemporal data to solve the problems in spatiotemporal data management in different scenarios, such as traffic monitoring, route planning, vehicle tracking and warehouse management
“tier-1 city”	any or all of the cities including Beijing, Shanghai, Guangzhou and Shenzhen, according to a 2023 ranking published by Yicai (第一財經), a prominent finance media company in China
“tier-2 city”	any or all of the cities including Foshan, Shenyang, Wuxi, Jinan, Xiamen, Fuzhou, Wenzhou, Harbin, Shijiazhuang, Dalian, Nanning, Quanzhou, Jinhua, Guiyang, Changzhou, Changchun, Nanchang, Nantong, Jiaxing, Xuzhou, Huizhou, Taiyuan, Taizhou, Shaoxing, Baoding, Zhongshan, Weifang, Linyi, Zhuhai and Yantai, according to a 2023 ranking published by Yicai (第一財經), a prominent finance media company in China
“tier-3 and below city”	any or all of the other cities and towns in China other than tier-1, emerging tier-1 or tier-2 cities
“time series data”	a sequence of data points in time order
“transfer learning”	a machine learning technique in which knowledge gained through one task or dataset is used to improve model performance on another related task and/or different dataset

GLOSSARY OF TECHNICAL TERMS

“Transformer architecture”	a deep learning architecture in which attention mechanisms capture various relationships in input data without relying on time series data
“user”	an individual who has interacted with Chelaile via the mobile app, Weixin mini program, or Alipay mini program

FORWARD-LOOKING STATEMENTS

This Document contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, beliefs, expectations, intentions or predictions for the future. The actual results or outcomes may differ materially from those expressed or implied in the forward-looking statements. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as “aim,” “anticipate,” “aspire,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goals,” “intend,” “may,” “objective,” “ought to,” “outlook,” “plan,” “potential,” “project,” “schedules,” “seek,” “should,” “target,” “vision,” “will,” “would” and other similar terms. Forward-looking statements reflect the current views of our Directors with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Document, some of which are beyond our control and may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our future business development, financial conditions and results of operations;
- our ability to develop and manage our operations and business;
- our ability to control costs and expenses;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, users, suppliers and other partners to conduct our business;
- our planned use of [REDACTED];
- future developments, trends and competitive landscape in the industries and markets in which we operate or plan to operate;
- relevant government policies and regulations relating to our industry; and
- all other risks and uncertainties described in “Risk Factors” of this Document.

FORWARD-LOOKING STATEMENTS

By their nature, certain disclosures relating to these and other risks are only estimates. Should one or more of these risks or uncertainties, among others, materialize, or should the underlying assumptions prove to be incorrect, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Accordingly, you should not place undue reliance on any forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made. Except as required by applicable laws, rules and regulations, including the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this Document. Any such intentions may change in light of future developments.

All forward-looking statements in this Document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

An [REDACTED] in our Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this Document, including our consolidated financial statements and related notes, before you decide to [REDACTED] our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the market price of our Shares could decline and you may lose all or part of your [REDACTED]. This Document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Risks Relating to Our Offerings and Technology

The industries in which we operate are characterized by constant changes. If we fail to develop new technologies to adapt to changing customer and user needs, industrial practices and rapid technological changes, our competitiveness may deteriorate and our business, results of operations and financial condition may be materially and adversely affected.

The industries we operate in are characterized by diverse needs of users and customers, evolving industry standards, and rapid technological advancements. Our success is contingent upon our capability to adapt and respond effectively to these evolving changes in a timely manner. For instance, we offer Chelaile to commuters and a public transit analytics platform to transportation entities. To maintain a competitive edge, we must continuously enhance and refine our products to swiftly adapt to any advancements and innovations in the technological landscape.

It is crucial for us to remain proactive in embracing emerging technologies that offer competitive products at lower costs and with higher efficiency, convenience or enhanced security. Failure to do so in a timely manner could adversely impact our ability to remain competitive in the market. Furthermore, in the event that our competitors offer more innovative or advanced products than ours, we will have to develop new products or upgrade existing products to align with these advancements. Such efforts might require substantial research and development investments, placing a significant burden on our business, results of operations and financial condition.

Any failure of our products to operate effectively with evolving or new technologies could lead to reduced demand for our products. If we are unable to respond to these changes in a cost-effective manner, our products may become less marketable and competitive or even obsolete, adversely affecting our business, results of operations and financial condition.

RISK FACTORS

If we are unable to improve the features and functionalities of our existing products or to develop new products that gain market acceptance, our business, results of operations and financial condition may be materially and adversely affected.

We rely on the diversified features and functionalities of our products to satisfy the demands of users and customers. For example, Chelaile offers commuters a diversified array of functions, such as estimated time of arrival and departure time, real-time traffic, rider alerts, bus route details and planning and bus stop map. Our public transit analytics platform enables transportation entities to analyze and optimize bus route network, and assess bus operation and service quality.

To achieve continuous growth and success, it is imperative for us to consistently enhance the features and functionalities of our existing products and develop new products to retain existing users and customers and to attract new ones. If we cannot enhance and add new features and functionalities to our existing products that align with the rapidly evolving technological and industry trends, or if we are unable to develop new products that meet the expectations of our users and customers, our business, results of operations and financial condition could be materially and adversely affected.

Moreover, should our competitors develop products with novel features or functionalities, it is critical for us to provide comparable offerings in a timely manner to remain competitive. Failure to keep up with such advancements might lead our existing and prospective users to seek alternatives, thereby having a material and adverse effect on our business, results of operations and financial condition.

We generate a significant portion of revenue from our mobile advertising services through Chelaile. If we fail to maintain and expand our user base or if we are not able to retain, attract advertising customers and increase their advertising spendings, our business, results of operations and financial condition may be materially and adversely affected.

We have generated a significant portion of revenue from our mobile advertising services. In 2022, 2023 and 2024, revenue generated from our mobile advertising services amounted to RMB115.3 million, RMB168.0 million and RMB202.0 million, respectively, representing approximately 85.2%, 96.2% and 98.0% of our total revenue for the same years, respectively. The revenue from our mobile advertising services is influenced by the size, loyalty and engagement of our user base. To drive the growth of our revenue from mobile advertising services, it is crucial for us to focus on increasing user traffic and engagement.

However, there can be no assurance that we will continuously retain existing users or consistently attract new ones in the future. Changes in user preferences, competitive landscape, or other market dynamics could negatively impact our ability to maintain and expand our user base, which would, in turn, affect our advertising revenue. Additionally, factors such as changes in technology, shifts in regulatory environments, or unforeseen events could also impact user engagement and traffic. Any significant decrease in user traffic or engagement could adversely affect our results of operations, financial condition and prospects.

RISK FACTORS

The revenue from our mobile advertising services also depends on our ability to retain our advertising customers and drive their advertising spendings, which is influenced by various factors, including the demand and budget of our advertising customers, the effectiveness of our advertisements, our ability to target the right audience, the scale and engagement of our user base and the level of competition in the mobile advertising market.

The overall advertising budgets of our customers could decrease due to economic downturns, shifts in their business strategies, or other external factors. Such reductions can directly impact the revenue we generate from our mobile advertising services. In addition, if customers are not satisfied with the performance of their advertisements on Chelaile, they may reallocate their advertising budgets to other platforms that may offer better returns on their investment. Furthermore, any decline in the size or engagement of our user base could reduce the attractiveness of our platform to advertisers. If any of the foregoing events occurs, our business, results of operations and financial condition may be materially and adversely affected.

Our customer concentration subjects us to the risks of revenue fluctuations and potential financial instability in the event of the termination of cooperation with our major customers.

Due to the limited number of established programmatic advertising platforms in China’s mobile advertising market, our operating results have been dependent on, and will continue to depend on, our collaboration with a small number of these platforms in the foreseeable future. The revenue attributable to our five largest customers for each year during the Track Record Period was RMB100.7 million, RMB126.4 million and RMB140.7 million in 2022, 2023 and 2024, respectively, accounting for 74.4%, 72.4% and 68.2% of our total revenue for the corresponding years, respectively. The revenue attributable to our largest customer for each year during the Track Record Period was RMB42.2 million, RMB51.1 million and RMB53.3 million in 2022, 2023 and 2024, respectively, accounting for 31.2%, 29.3% and 25.9% of our total revenue for the corresponding years, respectively. See “Business — Our Customers.”

We generally enter into one-year agreements with our collaborating programmatic advertising platforms. We cannot assure you that our customers will continue to conduct business with us at the same or better terms, at the same levels, or at all, when the agreements expire. Our bargaining power with our customers would be limited. We cannot assure you that our major customers are able to settle the payment in accordance with the agreed credit term or at all. We may continue to rely on a small number of programmatic advertising platforms in the near term. If any of the major programmatic advertising platforms we partner with ceases to engage us for mobile advertising services, or reduces their advertising spendings with us, our business, results of operations and financial condition may be materially and adversely affected.

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Our offerings depend on third-party data sources, and if we lose access to data provided by such data sources or the terms and conditions on which we obtain such access become less favorable, our business, results of operations and financial condition would be adversely affected.

We rely on access to data from third-party sources to develop our products. Specifically, we use third-party data for our “time + location” offerings, consisting of Chelaile and the public transit analytics platform, primarily sourced from (i) transportation entities such as local transportation authorities and bus companies, (ii) our customers and users in connection with their use of our products, and (iii) publicly available data from third-party websites.

We generally negotiate and enter into data licensing agreements with transportation entities to access bus data from various cities and towns in China. These agreements can be terminated under certain conditions, and there can be no assurance that we will be able to renew them or that renewal terms, such as pricing and service levels, will be favorable. Moreover, our “time + location” offerings heavily depend on the accuracy and reliability of the bus data obtained from transportation entities to detect and analyze bus patterns and make accurate predictions. If we cannot obtain third-party data on commercially reasonable terms, if transportation entities stop providing their data, or if the data we receive fails to meet our standards, the performance and functionality of our products and services and our competitive edge could be adversely affected.

Under the agreements that we license or obtain data from third parties, we may be required to satisfy certain requirements under applicable laws and regulations, including, but not limited to, providing public notice of our data processing activities and obtaining consents where required. If any of our data providers considers that we have failed to satisfy these requirements, they may claim against us seeking damages, and/or seeking to prohibit our future use of any data already provided. Such claims could adversely affect our ability to operate our products and the functionality of our products which could adversely affect our results of operations.

Major mobile app distribution channels may interpret or change their standard terms and conditions in a manner that is detrimental to us or terminate their existing relationships with us.

We rely on third-party mobile app distribution channels to distribute our Chelaile mobile app to users. We expect a substantial number of downloads of our mobile app will continue to be derived from these distribution channels. As a result, the promotion, distribution and operation of Chelaile are subject to such distribution platforms’ standard terms and policies for mobile app developers, which are subject to the interpretation of, and frequent changes made by, these distribution channels.

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According to CIC, mobile app distribution channels usually have a strong bargaining power. Their terms and policies for mobile app developers favor themselves in general. They also have broad discretion in interpreting their terms and policies, and determining if there are any non-compliance or violations by mobile app developers. If any major distribution channel interprets or changes its standard terms and conditions in a manner that is detrimental to us, or terminates its relationship with us, we may not be able to find a replacement in a timely manner, or all, all and the distribution of our mobile app may be adversely affected. In addition, changes to the credit period or the settlement cycle of these distribution channels may materially and adversely affect our cash flow. Disputes with distribution channels, such as disputes relating to intellectual property rights, distribution fee arrangements and billing issues, may also arise from time to time and we cannot assure you that we will be able to resolve such disputes in a timely manner, or at all. Any failure on our part to maintain good relationships with a sufficient number of popular platforms for the distribution of our mobile app could cause the number of our mobile app downloads and activations to decrease, which will have a material and adverse effect on our business, results of operations, financial condition and prospects.

The proper functioning of our technology infrastructure is essential to our business. Any failure to maintain satisfactory performance of Chelaile, our public transit analytics platform and other product offerings could materially and adversely affect our business and reputation.

Our ability to maintain our existing user and customer base and achieve further growth depends in part on ensuring that users and customers can access Chelaile and our public transit analytics platform at any time and without significant delays. However, we may encounter performance issues that impact our ability to provide quality, reliable products in the future, including issues stemming from infrastructure changes, human or software errors, interruptions due to software testing or other system failures. In the event of platform unavailability or significant access delays, we may face the risk of user and customer attrition, a decline in market recognition of our products, delayed payments from customers, damage to our reputation and brand, potential legal claims and resource diversion. Any failure to maintain satisfactory performance of Chelaile, our public transit analytics platform and other product offerings could materially and adversely affect our business and reputation.

We rely mainly on a few third-party cloud storage and other network services providers to host Chelaile, our public transit analytics platform and other product offerings. Any disruption of services from these providers or facilities that we rely on could harm our business.

We rely on third-party cloud storage and other network service providers to host Chelaile, our public transit analytics platform and other product offerings. Our products’ functionalities may be adversely affected by unforeseen events, including natural disasters such as fire, flood, severe storms and earthquake and other force majeure events including cyber-attacks, terrorist incidents and similar occurrences, which could disrupt the infrastructure or services provided by third-party cloud storage and other network service providers. If such interruptions persist

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for an extended period, it could have a negative impact on our ability to serve customers or users, potentially harming our reputation and leading to customer or user loss. We may incur substantial costs while seeking alternative equipment or implementing contingency measures to address damages caused to third-party cloud storage or other network service providers.

Furthermore, in the event of termination of our network service agreements with third-party cloud storage or other network service providers, or significant service interruptions, we could face difficulties in platform access and encounter delays and extra expenses in establishing new facilities or reconfiguring our products for deployment on different cloud infrastructure or communication networks. These challenges could have a material adverse effect on our business, results of operations and financial condition.

We utilize open-source software in our business operations. Failure to comply with the terms and conditions specified in one or more of these open-source licenses could adversely affect our business, especially concerning our proprietary software and systems.

We use open-source software and AI technologies in our proprietary software and systems and intend to continue doing so in the future. However, there is a risk that certain open-source licenses, which have not been interpreted by competent administrative agencies or courts in the PRC and other jurisdictions, might be construed in ways that impose unexpected conditions or restrictions on our ability to commercialize our products. These licenses may require us to make source code developed with open-source software available to the public and maintain licensing openness for any modifications or derivative works.

Moreover, there can be no assurance that we have not inadvertently included additional open-source software into our products in a manner inconsistent with the license terms or our current software management policies. Non-compliance with open-source licenses could lead to the need for third-party licenses, redevelopment or discontinuation of our products or the release of our proprietary software source code under open-source terms, all of which could have a material adverse effect on our business.

If we integrate our proprietary software products with open-source software in specific ways, we may become obligated, under certain open-source licenses, to disclose the source code of our proprietary software products. Failure to comply with these licenses may lead to several requirements, including providing our products that incorporate the open-source software for free, making the source code available for modifications or derivative works resulting from the use of the open-source software, and licensing such modifications or derivative works under the terms of the applicable open-source licenses. During the Track Record Period and up to the Latest Practicable Date, we had not received any claims demanding us to release or license any of our proprietary source code as a result of our usage of open-source software or technologies for free.

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In the event that an author or a third party distributing such open-source software alleges that we have not adhered to the conditions of one or more of these licenses, we could face substantial legal expenses while defending against such claims. Furthermore, we might be subject to significant damages and injunctions against the sale of our products that contain the open-source software, which could force us to comply with onerous conditions or restrictions on these products, potentially disrupting their distribution and sale.

According to CIC, there have been instances where companies incorporating open-source software into their products faced claims challenging the rights associated with such software from time to time. During the Track Record Period and up to the Latest Practicable Date, we did not face any actual or potential claims challenging the rights associated with any open-source software or technology used by us. However, we cannot guarantee that we or our customers will not encounter similar claims from third parties, alleging infringement of their intellectual property rights for what we believe to be permissive open-source software. These claims might demand the release or licensing of the open-source software or derivative works we developed using it, potentially including our proprietary source code, or otherwise seek to enforce the terms of the applicable open-source license. Such claims could result in litigation that could be costly to defend, and impose a negative effect on our business, results of operations and financial condition.

To address these claims, we might be compelled to acquire expensive licenses, publicly release portions of our source code that are affected or be constrained in or cease the sale or use of the software that is implicated until we can re-engineer it to avoid any potential infringement or remove the implicated open-source software altogether. These actions would require us to allocate additional research and development resources or undertake other remedial measures.

Network or system breaches, whether within our own infrastructure or those of our data sources, could impair our ability to conduct business, compromise the integrity of our products and data, result in significant data losses and misappropriation of our intellectual property, damage our reputation, expose us to liability to third parties and require significant additional costs to maintain the security of our networks and data.

Our business heavily relies on IT systems, which are integral to every aspect of our operations, ranging from our internal processes, technology development, marketing and sales, to communications with customers and suppliers. Nevertheless, our dependence on IT infrastructure also exposes us to potential risks and threats from various origins. Individuals or entities may try to breach our network security, causing significant harm to our business operations, including the misappropriation of proprietary information, data belonging to our suppliers, users, customers, partners and employees, or disrupting our products’ functions and performance. According to CIC, the frequency and magnitude of cyberattacks and other malicious internet-based activities are on the rise, and cloud-based companies have been attractive targets in the past, with a likelihood of continued targeting in the future.

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We may encounter a wide range of threats that jeopardize the security of our systems and data, encompassing traditional computer hackers, malicious code such as malware, viruses, worms, and ransomware, and risks stemming from employee theft or misuse, password spraying, phishing, credential stuffing and denial-of-service attacks, which intensify the risk to our systems.

The tactics employed by malicious individuals or entities to gain unauthorized access, disrupt systems, and sabotage networks evolve frequently and these techniques might not be recognized until they are executed against a target. As a result, we might need to make ongoing investments to safeguard our data and infrastructure against the continuous development and increasing complexity of cybersecurity threats over time. We may not always anticipate new techniques and could be unaware of security breaches in a timely manner, potentially exacerbating any resulting damage. Furthermore, security breaches by third parties, including the unauthorized use and reproduction of Chelaile, may adversely affect our reputation.

We rely on our employees to handle confidential and sensitive data, including customer and user information, and to deploy our IT resources in a safe and secure manner against security breaches of our systems or the loss of data. Any data security incidents, whether resulting from internal malfeasance, inadvertent disclosures, or fraudulent activities by third parties targeting our employees, could lead to the loss of confidential information, reputational harm, erosion of customer and user trust, customer and user attrition, legal actions, regulatory investigations, fines, penalties and other liabilities. As a result, any failure of our cybersecurity measures or those of our service providers to effectively safeguard against unauthorized access, including sophisticated cyberattacks, or the mishandling of data by our employees could have serious adverse consequences.

Risks Relating to Our Growth Strategy and Expansion

We face intense competition, and if we fail to compete effectively, we may not be able to maintain or may lose market share, customers, users and partners.

We face significant competition within the time series data service market, especially in the public bus sector and other industries where we leverage our technologies and industry insights to execute our new initiatives. We face competition across the aspects of customer and user acquisition, access to adequate, high-quality data sources, technological innovation and talent acquisition and retention. Some of our competitors have a longer operating history and significantly greater financial, technical and marketing resources than we do, and thus may be able to attract and retain more customers, users and data sources. From time to time, we may encounter competition from local transportation entities, particularly in tier-3 and lower-tier cities. Some of these entities have already launched real-time bus data platforms that offer services similar to Chelaile, and others may introduce similar platforms in the future. See “Buisness — Competition” for details.

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Furthermore, our competitors may maintain a more expansive customer or user base or possess more established brand names. Our competitors may compete with us through many ways, including investing in novel technology development, executing promotions and other marketing initiatives, and making investments in or acquisitions of businesses in data intelligence field. If any of our competitors achieve greater market acceptance or manage to offer sophisticated products, user traffic on Chelaile may shrink, which may result in a loss of advertising customers, as well as have a material and adverse effect on our business, results of operations and financial condition.

We may not be able to manage our growth or execute our strategies effectively, which could have an adverse impact on our business, results of operations and financial condition.

The success of our business hinges on our ability to effectively manage our growth. Growing our business has imposed and may continue to impose substantial demands on the efforts and contribution of our management team and personnel, as well as our operational, technological, financial and other resources. Furthermore, we need to effectively execute our strategies, including developing and building proprietary time series data foundation models, enhancing our technological capabilities, broadening product portfolio with streamlined development process, expanding our market reach, cultivating a talent pool and pursuing strategic alliances and investment opportunities. However, there can be no assurance that we will successfully carry out any or all of the strategies effectively, and any failure to do so could have a material and adverse impact on our prospects. We may also face challenges in accurately estimating the required expenditures to achieve our growth goals. If we are unable to align overhead expenses with growth in a cost-effective manner, we may fail to effectively execute our growth strategies, which could materially and adversely affect our business, results of operations and financial condition.

Specifically, our ability to successfully manage our growth and execute our strategies depends on the following factors:

- our ability to continuously enhance our technological capabilities;
- our ability to successfully apply our technologies and industry expertise to new industry sectors;
- our ability to effectively retain our existing customers and Chelaile users, acquire new customers of our products, and attract new users of Chelaile;
- our ability to strengthen our collaboration with third-party data sources who license data to us, and develop relationships with new sources when we expand our geographical reach;

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- our ability to procure specialized hardware and software, such as high-performance GPUs, to establish technology infrastructure processing complex computations and vast amounts of data;
- our ability to attract, recruit and retain talent;
- our ability to identify potential investment and collaboration opportunities to complement our technological and product development capabilities; and
- our ability to effectively implement marketing initiatives to promote our products.

We may not be able to successfully achieve our growth target. Our business may decelerate, or our revenue may decline due to various reasons, some of which are beyond our control. These factors encompass changes in customer demand and preferences, intensifying competition, a downturn in the industry sectors we serve, changes in regulatory environment, fluctuations in general economic conditions, and unforeseen events such as natural disasters or virus outbreaks. Should our growth rates decline, there may be adverse effects on [REDACTED] perceptions of our business and prospects.

If we fail to expand product offerings in new industries, our business, results of operations, financial condition and prospects may be adversely affected.

Our success in delivering quality products to customers and maintaining cost-effectiveness relies on the ability to anticipate industry trends, practices and standards and the ability to continuously enhance our technological capabilities. To effectively execute this growth strategy, we must remain proactive in introducing new products, while staying abreast of technological developments within the industries we operate in. However, we may prove unsuccessful in developing new products for our customers or delivering our products in a cost-effective manner. The success of our business expansion into new industries depends on various factors, including the timely completion of the development of new products and their acceptance in the market. Any new product we develop might not be introduced promptly or cost-effectively, and they may not achieve the widespread market acceptance necessary to generate substantial revenue. Furthermore, if any of our competitors introduce new products ahead of us, better anticipate innovation and integration opportunities in related industries or sectors, or implement them more cost-effectively, they could potentially offer more efficient or less expensive products than ours, which could negatively impact our ability to retain existing customers, attract new ones and impede our margin expansion, and our business, results of operations, financial condition and prospects might be adversely affected.

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Risks Relating to Third Parties

We may incur significant costs associated with our branding and marketing efforts, and some marketing campaigns may not be effective in attracting or retaining Chelaile users.

Maintaining and elevating our brand recognition is an integral part of executing our growth strategies and bolstering our market standing. The effectiveness of our brand promotion hinges not only on the quality of our products and the excellence of our technologies but also on the successful implementation of our branding and marketing initiatives. We foster brand visibility to attract new users to Chelaile as well as retain our existing users and customers through various online and offline marketing efforts, such as implementing search advertisements across prominent mobile app stores, placing advertisements within buses and at bus stops and executing marketing campaigns by collaborating with commercial partners. Our efforts to market our brand have incurred significant costs and expenses, and we intend to continue to do so. However, there can be no assurance that our selling expenses will necessarily translate into escalating revenue, and even if they did, such revenue increases might not suffice to counterbalance the associated expenses.

Furthermore, our brand promotion and marketing undertakings might not be well received by users and customers and may not yield the projected sales volumes. In the event that our sales and marketing initiatives are not executed efficiently, we could incur substantial marketing expenses, which could adversely affect our business and results of operations. We may need to refine our marketing methodologies and experiment with novel approaches to keep pace with industry trends and user and customer preferences. Failure to implement new marketing techniques cost-effectively could potentially erode our market share, thereby materially and adversely affecting our financial condition, results of operations and profitability.

In addition, we cannot guarantee the continuous and effective execution of our cost control strategies and measures in the future, nor can we guarantee the realization of their anticipated effects. Our continued growth is contingent upon our ability to enhance cost control and elevate operational efficiency. However, the execution of measures we implement might not persistently unfold as expected, and we cannot assure the sustained maintenance or augmentation of our net profit margin in the future. In addition, shifts in economic conditions and evolving business demands may necessitate adjustments to the relevant cost control strategies and measures. In the event that these strategies and measures fall short of achieving their intended outcomes, our operating costs could rise, which in turn may adversely affect our business, results of operations and financial condition.

Failure to offer high-quality user services may adversely affect the attractiveness of Chelaile to users, and adversely affect our business, results of operations and financial condition.

The success of our business depends on our ability to continuously provide high-quality products to our users. We need to promptly collect, resolve and provide feedback on issues encountered by users while using Chelaile, public transit analytics platform and other offerings to deliver satisfactory user experience. Failure to resolve these issues and provide necessary

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support for our users in a timely manner, or at all, could negatively affect Chelaile’s appeal to existing users and deter potential users from using Chelaile. If we are unable to maintain and expand user base, our business, results of operations and financial condition would be adversely affected.

Moreover, along with our expansion into new industries, it is essential for us to track and resolve issues encountered by users in these emerging fields when using our products. If we are unable to promptly resolve our users’ problems and respond to their inquiries, the user satisfaction will be adversely and materially impacted. If our products applied in new industries cannot maintain a certain level of stability, our users may lose confidence in us and may turn to our competitors. Failure to provide high-quality support for users in new industries could adversely affect our ability to maintain good relationships with our existing users. As a result, our business, results of operations and financial condition could be adversely affected.

Additionally, our access to publicly sourced data is governed by the standard terms and conditions of third-party websites. These terms govern the availability and access to, and permitted uses of such data, and are subject to change by such website owners from time to time, with little or no notice and with little or no right of redress. Our access to publicly available data is also subject to restrictions that website owners may impose through technical measures or otherwise, including restrictions on automated data collection. We cannot accurately predict the impact of changes in the terms of data providers that may impede our access to the data. If these data providers or websites choose not to make their data available on the same terms, or at all, we would have to seek alternative sources, which could prove expensive and time-consuming, and may be less efficient or effective. Such changes could impact our ability to provide our products in a timely manner, if at all, and could negatively impact the perceived value of our products and our business. There can be no assurance that following any such term modification or termination we would be able to maintain the current level of functionality of our products, which could adversely affect our results of operations.

Our business may be adversely affected if any of our data sources:

- changes, limits, or discontinues our access to their data;
- modifies its terms of service or other policies, including imposing prohibitive fees or restrictions on our use of their data or our ability to access it;
- changes or limits how customer information is accessed by us or our customers and their users;
- changes or limits how we can use such data;
- establishes more favorable relationships with one or more of our competitors; or
- experiences disruptions of its technology, services, or business generally.

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If the data we process is outdated, inaccurate or lacks credibility, we may not be able to provide accurate bus information to Chelaile users, which could adversely impact our business, results of operations and financial condition.

We depend on transportation entities to grant us the licenses to access and use bus data. However, there may be occurrences of data latency and errors during the transmission of data from buses to the relevant entities. Should the data we receive be outdated, inaccurate, or lack credibility, it could severely hinder our ability to deliver accurate bus information to users through Chelaile. The quality and reliability of such data have a significant influence on the accuracy and effectiveness of our data analytics capabilities and related offerings. Any deterioration in the quality of data we process could have an impact on our reputation, disrupt our business operations, and adversely affect our results of operations and financial condition.

We face risks associated with the misconduct or illegal activities of our employees, customers, suppliers and their respective employees, and other related personnel, which could harm our business and reputation.

Misconduct and illegal activities by our employees could lead to liability and negative publicity. There can be no assurance that our employees will not engage in misconduct or omissions that could materially and adversely affect our business, results of operations and financial condition. Similarly, misconduct or illegal activities by our customers, suppliers and their respective employees, such as fraud, unauthorized conduct, and misuse of user information, could lead to disputes between us and the counterparties, negative publicity about us, or damage to our reputation. We cannot assure you that our customers, suppliers and their respective employees will not be involved in misconduct which may adversely affect our business, results of operations and financial condition.

Risks Relating to Litigations and Compliance

We, our Directors, senior management, or employees are, and may in the future be, subject to legal and administrative proceedings in the ordinary course of our business. Additionally, negative allegations against us may be posted on the internet. If the outcomes of these proceedings or the information posted online is adverse to us, it could have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects.

We are and may in the future become subject to claims, administrative proceedings and various legal proceedings with third parties or former or current employees, of which the adverse outcomes may lead to negative internet postings and other adverse publicity relating to our business, operations and staff compensation. Regardless of the merit of particular claims, legal and administrative proceedings, such as litigations, injunctions and governmental investigations, may take a significant amount of time to conclude, incur substantial costs, divert our management’s attention and resources and disrupt our operations.

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In addition, our Directors, management, and employees may from time to time be subject to litigations, regulatory investigations, proceedings or otherwise face potential liabilities and expenses in relation to commercial, employment, data protection, or securities matters, which could adversely affect their ability or willingness to continue to serve us or dedicate their efforts to us. See “History, Reorganization and Corporate Structure — Reorganization — Shareholding Restructuring of the Company — Background of the Case” for details. This could negatively affect our brand and reputation and have an adverse effect on our business, results of operations and financial condition.

Additionally, direct or indirect allegations against us may be posted on the internet, including social media platforms, by anyone on an anonymous basis, regardless of whether they are related to us. Any negative publicity relating to us or our management can be quickly and widely disseminated. Social media platforms immediately publish the content to their users, often without filters or checks on the accuracy of the content. The information posted may be inaccurate and adverse to us, which may adversely affect our reputation, business operations and prospects. Such impact may be immediate without affording us an opportunity for redress or correction, which in turn may have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects.

Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, there were no legal or administrative proceedings pending or threatened against us or any of our Directors that could, individually or jointly, have a material effect on our business, results of operations, financial condition, cash flows and prospects. However, new legal or administrative proceedings and claims may arise in the future, and the current legal or administrative proceedings and claims we face are subject to inherent uncertainties. If one or more legal or administrative matters were resolved against us or an indemnified third party for amounts in excess of our management’s expectations or certain injunctions are granted to prevent us from using certain technologies in our products, our business, results of operations and financial condition could be materially and adversely affected. Furthermore, such an outcome could result in significant compensatory, punitive or monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our results of operations and financial condition.

Any actual or perceived failure on our part to comply with applicable data protection laws and regulations or privacy policies, including concerns related to improper collection, use or disclosure of data from our customers or users, could harm our reputation, erode consumer confidence or potentially subject us to governmental regulation and other legal obligations.

Our processing of personal data and business data is subject to a variety of laws and regulations regarding cybersecurity, information security, privacy and data security, including restrictions on the collection, storage and use of personal information and requirements to take steps to prevent personal data from being divulged, stolen, or tampered with.

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The regulatory framework for data privacy protection in China is constantly evolving. For example, on June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the “**Data Security Law**”), which took effect on September 1, 2021. The Data Security Law, among other things, requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data security, data processing activities must be conducted based on data classification and hierarchical protection system.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”), effective from November 1, 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer, and security. Entities processing personal information shall bear responsibilities for their personal information processing activities and adopt necessary measures to safeguard the security of the personal information they process. Otherwise, the entities processing personal information could be ordered to correct, suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties. See “Regulations — Regulations Related to the Protection of Cyber Security, Data and Privacy Protection.”

We have adopted necessary technical and internal control measures to protect our proprietary data and user or customer information and to ensure our compliance with PRC laws and regulations with respect to privacy and personal data protection in all material aspects. However, we cannot assure you that the measures we have taken or will take in the future will always be effective or fully satisfy the relevant regulatory requirements, and any failure or perceived failure by us to comply with such laws and regulations may result in regulatory investigations, fines, removal of our platform from the relevant app stores or other sanctions on us. Furthermore, advances in technology, the expertise of hackers, improper use or sharing of data, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology that we use to protect personal data and confidential information. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining such confidential or private information we hold. Such individuals or entities obtaining our data and customers or users’ confidential or private information may engage in other illegal activities using such information. In addition, we have limited control or influence over the security policies or measures adopted by third parties. Any negative publicity on our improper use or insufficient protection of customer or user information and any claims asserted against us or fines imposed upon us as a result of actual or perceived failures could have a material and adverse effect on our public image, reputation, results of operations and financial condition. Any compromise of our own information security or the information security measures of third parties could have a material and adverse effect on our reputation, business, results of

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operations, financial condition and prospects. Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet and mobile platforms are under increased public scrutiny. The improper collection, use, disclosure or otherwise processing of data could result in a loss of our customers and users, loss of confidence or trust in us, litigations, regulatory investigations, penalties or actions against us, significant damage to our reputation, and have a material adverse effect on our business, results of operations, financial condition and prospects.

Advertisements shown on Chelaile may subject us to penalties and other administrative actions.

PRC advertising laws and regulations require advertisers, advertising operators and advertising distributors to ensure that the content of the advertisements they prepare or distribute is fair and accurate and is in full compliance with the relevant laws and regulations. In addition, for specific types of advertisements, such as those related to pharmaceuticals, medical instruments, agrochemicals, and veterinary pharmaceuticals, advertisers, advertising operators and advertising distributors must confirm that the advertisers have obtained the requisite government approvals, including the advertisers’ operating qualifications, proof of quality inspection of the advertised products and services, and, with respect to certain industries, government approvals of the content of the advertisements and filings with the local authorities. Violation of these laws and regulations may subject us to penalties, including fines, confiscation of advertising income, orders to cease the dissemination of the advertisements, and requirements to publish corrective announcements to rectify any misleading information. In circumstances involving serious violations, such as the unauthorized posting of a pharmaceutical product advertisement or advertising pharmaceutical products with prohibited content, PRC governmental authorities may force us to terminate our advertising operation or revoke our business licenses. We cannot assure you that all the content contained in the advertisements provided by the advertisers is true and accurate as required by the advertising laws and regulations, especially given the uncertainty in the interpretation of these PRC laws and regulations. If we are found to be in violation of applicable PRC advertising laws and regulations, we may be subject to penalties and our reputation may be harmed, which may have an adverse effect on our business, results of operations, financial condition and prospects.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund and are required to contribute the amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China, given the different levels of economic development in different locations.

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During the Track Record Period, we did not fully contribute to social insurance for some of our employees. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated period, and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay. If we fail to repay the outstanding social insurance contributions within the stipulated period, we may be liable for a fine of one to three times the outstanding contribution amount. As confirmed by our Directors, as of the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance contributions, and we had not received any material complaint from any of our employees as a result of our arrangement with respect to social insurance contributions. However, we cannot assure you that the competent authority will not require us to rectify any non-compliance or to pay any penalty related thereto. Additionally, we cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall retroactively, thereby adversely affecting our results of operations and financial condition.

We had not registered three of our lease agreements with the relevant government authorities as of the Latest Practicable Date, which may subject us to penalties.

All our office spaces, including the premise where our headquarters is currently located, are located in leased properties. As of the Latest Practicable Date, we had not registered three lease agreements with the relevant government authorities. Under the PRC laws, all lease agreements are required to be registered with the relevant real estate administration bureaus. As registration of a lease agreement will require the cooperation of the landlord, we cannot assure you that we can complete the registration of such lease agreements in a timely manner or at all. Failure to complete the registration and filing of lease agreements will not affect the validity of such lease agreements or result in us being required to vacate the leased properties. However, the relevant government authorities may impose a fine on each lease ranging from RMB1,000 to RMB10,000. If we fail to complete the administrative filings within the period required by the relevant governmental authorities and the relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, the aggregate amount of maximum fine will be approximately RMB30,000. See “Business — Properties.”

The absence of requisite approvals, licenses, permits or filings relevant to our business or any failure to maintain, renew or comply with applicable laws, regulations and policies could have a material and adverse impact on our business, results of operations and financial condition.

In accordance with the laws and regulations in the jurisdictions where we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. See “Business — Licenses, Permits and Approvals.” Complying with such laws and regulations may require substantial expenses and may impose a significant burden, while

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any non-compliance may expose us to liability. There can be no assurance that we will be able to obtain all requisite approvals, licenses, permits and certifications. Regulatory authorities, who have extensive authority to supervise and regulate the industries we operate in, may not interpret relevant laws and regulations in the same manner as we do. In addition, new laws, regulations and regulatory requirements may keep evolving, and the interpretation and application of existing laws, regulations and regulatory requirements are subject to change.

We may be required to obtain approvals, licenses, permits and certifications that we are not currently required to have for our existing businesses or for new businesses that we may expand into in the future. If we fail to obtain all the necessary approvals, licenses, permits and certifications required by relevant laws and regulations in the future or if we are deemed to have conducted business operations requesting certain approvals, licenses, permits and certifications without having one, we may be subject to fines or the suspension of operations of the relevant businesses that do not have all the requisite approvals, licenses, permits and certifications, which could materially and adversely affect our business, results of operations and financial condition.

Furthermore, if we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or that the relevant government authorities will always, if ever, exercise their discretion in our favor. There may also be delays on the part of government authorities in reviewing our applications and granting approvals due to various reasons beyond our control. If we are unable to obtain or renew, or experience material delays in obtaining and renewing, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, results of operations and financial condition.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in the jurisdiction where we operate. We may become the subject of investigations and proceedings by government authorities for alleged infringements of these laws and regulations if our compliance processes are not conducted appropriately or our internal control systems are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on our reputation, business, results of operations and financial condition. If any of our subsidiaries, employees or other individuals engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or be found to be in violation of such laws, and regulations which may result in penalties, fines and sanctions, adversely affecting our reputation, business, results of operations and financial condition.

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The growing emphasis on environmental, social and governance matters may result in increased costs or expose us to additional risks. Failure to comply with the laws and regulations on environmental, social, and governance matters may subject us to penalties and adversely affect our business, results of operations and financial condition.

In recent years, the relevant government authorities and public advocacy groups have placed an increasing emphasis on environmental, social, and governance (the “ESG”) issues, making our business more susceptible to ESG matters, changes in governmental policies, laws and regulations associated with environmental protection and other ESG-related matters. Investor advocacy groups, certain institutional investors, investment funds, and other influential investors are also increasingly focused on ESG practices and have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, increased focus from investors and the relevant government authorities on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or not commit capital based on their assessment of a company’s ESG practices. Any concerns or issues related to ESG could increase our regulatory compliance costs. If we fail to adapt to or comply with the evolving expectations and standards regarding ESG matters from investors and the relevant government authorities, fail to meet ESG objectives, or are perceived as not responding appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage, and the business, results of operations and financial condition could be materially and adversely affected.

Risks Relating to Our Intellectual Property Rights

We may not be able to adequately protect our intellectual property, which could adversely affect our business and operations.

The success of our business relies, in part, on our ability to obtain trademarks, service marks, patents and other intellectual property rights and maintain adequate legal protection for our intellectual property rights in the PRC and other international jurisdictions. There can be no assurance that any trademark, service mark or patent will be issued with respect to our currently trademark, service mark or pending patent applications, including in a manner that gives us adequate defensive protection or competitive advantages, if at all, or that any of our trademarks, service marks or patents will not be challenged, invalidated or circumvented. While we have filed trademark, service mark or patent applications in the PRC and certain other jurisdictions, not all jurisdictions where we operate may offer the same level of protection for our intellectual property or may pose challenges in enforcement. Our currently issued trademarks, service marks and patents, and any trademark, service mark or patent that may be issued or registered, as applicable, in the future with respect to pending or future applications, may not provide sufficiently broad protection or courts may not enforce them in actions against alleged infringers.

The efficacy of the steps we have taken to prevent unauthorized use or reverse engineering of our technology is uncertain. Moreover, other entities may independently develop technologies that compete with or infringe upon our intellectual property.

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Safeguarding our intellectual property, products and proprietary rights against unauthorized usage incurs significant costs and presents considerable challenges, especially across international jurisdictions. Unauthorized parties may attempt to replicate or reverse engineer our products, including proprietary components. Potential litigation may be necessary in the future to enforce or defend our intellectual property rights, prevent unauthorized replication or reverse-engineering, establish the validity and extent of others’ proprietary rights or block the importation of infringing products. Any such litigation, regardless of their merits, could be financially burdensome, divert managerial focus and might not ultimately yield a favorable resolution.

Even in instances where litigation leads to favorable outcomes, securing appropriate remedies could prove difficult. Further, a number of our existing and potential competitors could dedicate substantially greater resources to defending intellectual property infringement claims and enforcing their intellectual property rights compared to our capabilities. Our efforts to uphold our rights against third parties could also prompt these third parties to assert their own intellectual property or other entitlements against us or potentially lead to judgments that nullify or narrow the scope of our rights, partially or entirely.

Effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which our products are available. Competitors based in other countries might distribute infringing products in one or more markets. Insufficient ability to adequately shield and uphold our intellectual property and proprietary rights, or incapacity to prevent authorized parties from replicating or reverse-engineering our products or specific proprietary elements, could detrimentally impact our business, results of operations, financial condition and prospects.

We may be subject to third-party intellectual property infringement claims or other allegations, which may materially and adversely affect our business, results of operations, financial condition and prospects.

A number of companies, both within and outside the realm of the industries we operate in, possess patents that cover various systems and methodologies for big data analytics. In addition to these patents, industry participants typically safeguard their technology, especially software, through copyright and trade secret protections. As a result, there may be frequent litigation predicated on claims of infringement, misappropriation or other breaches of intellectual property rights.

In addition, third parties may claim that the names and branding of our products infringe their trademark or service mark rights in certain countries or territories. If such a claim were upheld, we may be compelled to modify the names and branding of our products in the affected regions, potentially incurring additional expenses, including liability for damages.

If we fail to defend ourselves, we may suffer losses or be obligated to reimburse our customers, suppliers, and partners for any damages and costs resulting from our offerings infringing on third-party intellectual property rights. Our insurance may not cover all

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intellectual property infringement claims. A claim that our products infringe on a third party’s intellectual property rights, even if without merit, could negatively impact customer relationships, deter potential customers from adopting our products and expose us to expensive litigation and settlement costs. Even if we are not a party to any litigation between a customer and a third party relating to infringement by our products, an unfavorable outcome in such proceedings could impede our capacity to defend against intellectual property infringement claims in subsequent litigation where we are named as a party. Besides, under the circumstance that pledge exists on our intellectual property and the debtor fails to complete its obligations, the pledgee has right to dispose of such intellectual property we own and receive priority compensation for the proceeds. In this case, our ownership of the pledged intellectual property may be affected. Any of these results could adversely affect our brand and results of operations.

Our defense of intellectual property rights claims brought against us or our customers, suppliers and partners, regardless of their merit, could be time-consuming, expensive to litigate or settle, divert management attention and resources and force us to acquire intellectual property rights or licenses, which may involve substantial royalty or other payments and may not be available on acceptable terms or at all. Moreover, a successful claimant could secure a judgment mandating substantial damages or an injunction. An unfavorable decision could also invalidate our intellectual property rights and adversely affect our ability to offer our products to our users and customers and may require that we procure or develop substitute products that do not infringe, which could require significant effort and expense. Any of these events could adversely affect our business, results of operations, financial condition and prospects.

Risks Relating to Our Financial Performance

We have incurred net losses and net liabilities during the Track Record Period.

We have incurred net losses and recorded net liabilities during the Track Record Period. In 2022, 2023 and 2024, we incurred net losses of RMB20.0 million, RMB20.3 million and RMB26.1 million, respectively. Moreover, we recorded net liabilities of RMB261.7 million, RMB266.2 million, and RMB312.1 million as of December 31, 2022, 2023 and 2024, respectively. Such net losses and net liabilities are mainly related to our financial liabilities at FVTPL, representing Preferred Shares with preferential rights subscribed by various series of Pre-[REDACTED] Investors.

As we continue to grow our business in an intensified competitive landscape, we cannot guarantee that we will be able to continue to achieve profitability in the future. Our ability to achieve profitability and maintain our financial performance will depend on general factors affecting China’s public bus sector, as well as specific factors including: our ability to grow our user base and enhance user engagement, our ability to expand our geographic coverage, our ability to provide effective advertising services, our ability to diversify our monetization channels, our effective investment in technology infrastructure, and our ability to improve operating efficiency. See “Financial Information — Major Factors Affecting Our Results of Operations.”

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Consistent with our long-term development strategies, we may engage in investments in developing our new initiatives to diversify our monetization channels and ensure sustainable development, which may negatively affect our short-term financial performance.

We face risks related to our net current liability position throughout the Track Record Period.

During the Track Record Period, we recorded net current liabilities of RMB296.6 million, RMB328.2 million, and RMB379.7 million as of December 31, 2022, 2023 and 2024, respectively. The primary reason for these liabilities was our financial liabilities at FVTPL, which represent Preferred Shares with redemption features. As these Preferred Shares will automatically convert into ordinary shares upon our [REDACTED], we do not expect to record any financial liabilities at FVTPL after the [REDACTED]. However, despite this potential conversion, our net current liabilities position poses a significant liquidity risk. If we are unable to manage our current liabilities or collect receivables efficiently, we may face cash flow constraints, which could impact our ability to meet operational and financial obligations.

We are exposed to credit risk for our accounts receivable.

Our accounts receivable, net of impairment losses, increased from RMB35.7 million as of December 31, 2022, to RMB46.7 million as of December 31, 2023, before decreasing to RMB33.7 million as of December 31, 2024. The increase was primarily driven by the growth of our business. However, this also increases our credit risk as delays in payment or non-payment could negatively affect our liquidity. Additionally, as our business expands, the likelihood of bad debts may increase if we are unable to effectively manage and monitor credit risk. Despite actively collecting outstanding receivables, any prolonged delays in settlements could lead to higher impairment losses and a deterioration in our financial position.

We are subject to risks related to the fair value changes and valuation uncertainty for our financial liabilities at FVTPL.

Our financial liabilities at FVTPL, primarily representing Preferred Shares subscribed by Pre-[REDACTED] investors, increased from RMB390.0 million as of December 31, 2022, to RMB465.2 million as of December 31, 2024. The increase in the fair value of these liabilities is largely driven by the rising valuation of our Company. While we expect these liabilities to convert into ordinary shares after the [REDACTED], there remains exposure to fair value fluctuations until then. Any adverse market conditions or changes in [REDACTED] sentiment could cause significant volatility in these valuations, which could impact our financial statements.

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Our results of operations, financial condition and prospects may be affected by the fair value changes and valuation uncertainty of our financial investments at FVTPL.

Our financial investments at FVTPL primarily represent our structured deposits in commercial banks and our interests in certain unlisted entities. We recorded financial investments at FVTPL of RMB56.5 million, RMB43.6 million and RMB49.4 million as of December 31, 2022, 2023 and 2024, respectively. Our financial investments at FVTPL involve valuation uncertainty due to the use of unobservable inputs. This causes further exposure to fair value changes, particularly if market conditions shift unexpectedly or if the unlisted entities underperform. We cannot assure you that we will generate investment income or will not incur any losses from fair value changes on our financial investments at FVTPL in the future. If we incur such losses, our financial condition and prospects may be adversely affected.

We face risks regarding the recoverability of our deferred tax assets.

We recorded deferred tax assets of RMB18.8 million as of December 31, 2024. We are subject to the risks related to the recoverability of these deferred tax assets. If we are unable to generate sufficient taxable income in future periods, we may not be able to fully utilize these assets, leading to potential write-downs. Any adverse changes in tax laws or regulations could also affect the value and recoverability of our deferred tax assets, impacting our financial position.

We have granted, and may continue to grant, options and other types of awards under our Share Incentive Plans which may result in increased share-based payment expenses.

We have implemented Share Incentive Plans to incentivize the management team, retain talent and foster our enduring, sustainable growth. See “Statutory and General Information — D. Share Incentive Plans” in Appendix IV to this Document. In 2022, 2023 and 2024, we recorded equity-settled share-based payment expense of RMB0.4 million, RMB0.5 million and RMB18.3 million, respectively. We believe the granting of share-based compensation benefits is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation benefits to our employees in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders, and our expenses associated with share-based payment may increase, which may adversely affect our results of operations.

Failure to comply with the terms of our indebtedness or enforcement of our obligations under any guarantee or other similar arrangement could have an adverse effect on our cash flow and liquidity.

Our ability to meet the scheduled payments stipulated by our debt obligations or to refinance these obligations depends on our financial condition and operating performance. We may confront challenges in sustaining a sufficient cash flow level to facilitate the payment of principal, potential premiums and interest tied to our debt.

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If we cannot make payments on our debt obligations, we will be in default and all outstanding principal and interest pertaining to our debt could be declared immediately due and payable; the lenders under our bank borrowings could terminate their commitments to extend loans. In addition, the occurrence of a default event or an acceleration declaration under one debt instrument could potentially trigger default events under one or more of our other debt instruments.

Our business currently benefits from certain government grants and preferential tax treatment. Failure to obtain government grants or preferential tax treatment that we expect to obtain, or the future discontinuation, reduction or delay of any of the government grants or preferential tax treatment we currently enjoy could adversely affect our business, results of operations and financial condition.

During the Track Record Period, we enjoyed preferential tax treatment under relevant preferential tax policies. Beijing WFOE and Wuhan Yuanguang obtained High and New Technology Enterprises (“HNTe”) status to enjoy a preferential tax rate of 15% in 2019 and 2017, respectively. Beijing WFOE has re-applied for the HNTe status in 2022 and Wuhan Yuanguang has re-applied for the status in 2020 and 2023. Certain of our subsidiaries in the PRC are considered “small and low-profit enterprises” with taxable income not exceeding RMB1,000,000 and enjoy a preferential enterprise income tax rate of 2.5%, 5%, and 5% in 2022, 2023 and 2024, respectively. Such preferential tax treatments are subject to change and termination. Government agencies may decide to reduce, eliminate or cancel our tax preferences at any time. Therefore, we cannot assure you of the continued availability of such tax preferences as we currently enjoy. The discontinuation, reduction or delay of the preferential tax treatment could adversely affect our financial condition and results of operations.

We also receive government grants, primarily in the form of sever costs subsidies, innovation projects grants and talent subsidies. Our government grants amounted to RMB2.4 million, RMB3.8 million and RMB1.4 million in 2022, 2023 and 2024, respectively. See “Financial Information — Description of Major Components of Our Results of Operations — Other Income and Gains.” As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In some cases, we are required to satisfy certain conditions or contractual obligations before receiving government grants. However, there can be no assurance that we will be able to fully satisfy these conditions or perform such obligations, and it is possible that governmental authorities may discontinue such grants or require us to repay part or all of the government grants we previously received. Any reduction, cancellation, or repayment resulting from our failure to perform such obligations could adversely affect our business, results of operations and financial condition.

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We may require additional funding to finance our operations, which may not be available on terms acceptable to us or at all.

Our business operations require substantial and ongoing investment in various aspects which may require us to seek additional fundings. If we raise supplementary capital through future issuances of equity or convertible debt securities, our Shareholders could suffer significant dilution. Any new equity securities we release could confer superior rights, preferences, and privileges in comparison to those holders of our common shares. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which could potentially complicate our efforts to secure further capital and pursue business opportunities. We might not secure additional funding on terms that are favorable to us, if we are able to secure funding at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, scale our infrastructure, enhance product offerings and respond to business challenges could be significantly impaired, and our business, results of operations and financial condition may be adversely affected.

Risks Relating to Our General Operations

We may experience negative publicity involving us, our customers or users, content, products, management, business model or industry as a whole, including complaints to regulatory agencies, negative media coverage and malicious allegations, all of which could severely damage our reputation and materially and adversely affect our business, results of operations, financial condition and prospects.

Negative publicity involving us, our users or customers, content, products, management, business model or industry at large has the potential to inflict considerable and adverse damage on our brand and overall business. There can be no assurance that we will be able to effectively handle negative publicity to the contentment of our investors, customers, users and business partners. There has historically been negative news in relation to us and our business. The dissemination of such news to the public has had an adverse effect on and may continue to adversely affect our reputation or brand image, which could exert a detrimental influence on our business, results of operations, financial condition and prospects. We may have to incur significant expenses in order to ameliorate the consequences stemming from negative publicity, which may materially and adversely affect our results of operations.

Our success depends on the ongoing collaboration of our senior management team. If we lose their services, our business may be severely disrupted.

Our future success depends on the continued service, performance and contributions of our senior management team. The expertise, experience and visionary leadership of our senior management team are particularly pivotal for our operations. If any of our senior management becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily, or at all. As a result, our business may be severely disrupted, and our results of operations and financial condition may be materially and adversely affected.

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If we fail to hire, retain and train qualified employees or sufficient workforce while controlling our labor costs, our business may suffer.

Our research and development and sales and marketing teams serve as cornerstones for our growth blueprint. The potential loss of key personnel within these domains could disrupt our operations. Specifically, we place substantial reliance on our research and development team to sustain the daily functionality of our products and develop our advanced analytics algorithms and other technologies. In addition, our experienced sales and marketing personnel play a crucial role in nurturing customer relationships. As we execute our growth strategy, the acquisition and retention of highly qualified personnel, equipped with the requisite skills, becomes imperative.

In addition, new hires require systematic training and, in most cases, take considerable time before they achieve optimal productivity. Our recent and projected hires may not achieve the anticipated levels of productivity. Moreover, we might face challenges in securing or retaining a sufficient number of qualified employees. If we fail to attract, hire and train new personnel, or fail to retain, focus on and motivate our current personnel, it could have a material adverse effect on our business and prospects.

Confidentiality agreements and non-compete covenants with employees and other third parties may not adequately prevent disclosure of trade secrets and other proprietary information.

We have devoted substantial resources to the advancement of our technologies and know-how. While we establish employment agreements incorporating confidentiality stipulations, non-compete clauses and clauses concerning the ownership of intellectual property with our personnel, there can be no assurance that these agreements will not be breached, that we will have adequate remedies for any breach in a timely manner or even at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties.

Furthermore, third parties may independently discover trade secrets and proprietary information, curtailing our ability to assert proprietary rights against them. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to attain or sustain protection for trade secrets could potentially undermine our competitive position.

We may engage in acquisitions, investments, divestitures or strategic alliances in the future, which could require significant management attention and materially affect our business, results of operations and financial condition.

We have entered into and may in the future enter into strategic alliances, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. These alliances could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the third party and

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increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

In addition, we may acquire additional assets, products, technologies or businesses that are complementary to our existing business. In addition to possible shareholder approval, we may have to obtain approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable PRC laws and regulations, which could result in increased delay and costs, and may derail our business strategy if we fail to do so. Furthermore, past and future acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant.

We have limited insurance to cover our potential losses and claims.

We maintained limited insurance, which we believe is customary for businesses of our size and type and in line with the standard commercial practice in our industry. We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurance on commercially reasonable terms render such insurance impractical for our business and purposes. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business, results of operations and financial condition.

In addition, we are not insured against business interruptions resulting from natural disasters such as droughts, floods, earthquakes or severe weather conditions, any suspension or cessation in the supply of utilities or other calamities. Any interruption to our operations and the resulting losses or damages could materially and adversely affect our business, results of operations and financial condition.

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Our operating metrics and other estimates are subject to inherent challenges in measuring our operating performance, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We rely on certain key operating metrics, such as cumulative users and average MAUs, to evaluate the performance of our business. Our operating metrics may differ from estimates published by third parties or from similarly titled metrics used by other companies due to variations in calculation methodologies and underlying assumptions. We calculate these operating metrics using our internal data that have not been independently verified by third parties. Measuring such core metrics and company data involves inherent complexities, and the process can be susceptible to potential delays and technical inaccuracies. If we identify substantial inaccuracies in the operating metrics we utilize, or if these metrics are perceived as unreliable by external parties, our reputation may be harmed and the credibility of our evaluation methodologies and outcomes might be undermined, which could negatively affect our business. If [REDACTED] make [REDACTED] decisions based on inaccuracies within the disclosed operating metrics, we might also be exposed to potential legal actions or disputes.

We face risks related to natural disasters, health epidemics and other business continuity problem, which could significantly disrupt our business, results of operations and financial condition.

Should we experience a local or regional disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, pandemic, security breach, power loss, telecommunications failure or other natural or man-made disaster our continued success will depend, in part, on the availability of personnel, office facilities, and the proper functioning of the computer, telecommunication and other related systems and operations. We could potentially experience material adverse interruptions to our operations or delivery of products to customers and users in a disaster recovery scenario.

Even with our disaster recovery arrangements, our products could be interrupted. Our suppliers and customers are also subject to the risk of catastrophic events. In those events, our ability to deliver our products in a timely manner, as well as the demand for our products, may be adversely impacted by factors outside our control. If our systems were to fail or be negatively impacted as a result of a natural disaster, pandemic or other catastrophic event, our ability to deliver our products to our customers and users would be impaired, our reputation could suffer, and we could be subject to contractual penalties.

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RISKS RELATING TO OUR CORPORATE STRUCTURE

If the Contractual Arrangements in relation to our Consolidated Affiliated Entities are deemed not to meet the PRC regulations on foreign investment in the relevant industries, or if these laws or regulations or the interpretation of existing laws and regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership in entities that provide value-added telecommunication services is subject to restrictions under current PRC laws and regulations, unless certain exceptions are available. The PRC government restricts foreign investors from owning more than 50% of the equity interests in value-added telecommunications services businesses (except for e-commerce, domestic multi-party communications, storage-forwarding and call centers). See “Regulations — Regulations Related to Value-Added Telecommunications Services.”

We are a Cayman Islands exempted company, and Wuhan WFOE, our owned PRC subsidiary, is considered a foreign-invested enterprise. As a result, Wuhan WFOE has entered into contractual arrangements with Wuhan Yuanguang and its shareholders. The Contractual Arrangements enable us to:

- exercise effective control over the Consolidated Affiliated Entities;
- receive substantially all of the economic benefits derived from the Consolidated Affiliated Entities;
- have the pledge right over the equity interests in the Consolidated Affiliated Entities as the pledgee; and
- have an exclusive option to purchase all or part of the equity interests in and assets of the Consolidated Affiliated Entities when and to the extent permitted by applicable PRC laws and regulations.

Although we own 50% of equity interest in aggregate in Wuhan Yuanguang, we are able to exercise effective control over our Consolidated Affiliated Entities and receive substantially all of the economic benefits of their operations through the Contractual Arrangements. As a result of these Contractual Arrangements, we are the primary beneficiary of Consolidated Affiliated Entities and hence consolidate their financial results in our consolidated financial statements. See “Contractual Arrangements.”

In the opinion of our PRC Legal Advisor, (i) the ownership structures of the Consolidated Affiliated Entities and Wuhan WFOE do not violate any mandatory provisions of current PRC laws and regulations, and (ii) each of the agreement under the Contractual Arrangements is valid, binding and enforceable, and does not violate any mandatory provisions of current PRC laws or regulations. However, our PRC Legal Advisor has also advised us that the interpretation and application of current and future PRC laws, regulations and rules are

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evolving; accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC Legal Advisor. It is uncertain whether any other new PRC laws or regulations relating to contractual arrangements will be adopted or if adopted, what they would provide. If we or our Consolidated Affiliated Entities are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have discretion to take action in dealing with such violations or failures in accordance with relevant PRC laws and regulations, including:

- requiring the nullification of the Contractual Arrangements;
- revoking the business licenses and/or operating license of our Consolidated Affiliated Entities;
- discontinuing or placing restrictions or onerous conditions on our business operations or that of our Consolidated Affiliated Entities;
- imposing fines, confiscating the income from our Consolidated Affiliated Entities, or imposing other requirements with which we or our Consolidated Affiliated Entities may not be able to comply;
- shutting down all or part of our websites, apps or services;
- requiring us to restructure our ownership structure or operations, including terminating the Contractual Arrangements and deregistering the equity pledges of the Consolidated Affiliated Entities, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over the Consolidated Affiliated Entities;
- restricting or prohibiting our use of the [REDACTED] of any of our financing outside China to finance our business and operations in China; or
- taking other regulatory or enforcement actions that could adversely affect our business.

The imposition of any of these penalties would result in a material and adverse effect on our ability to conduct our business and severely damage our reputation, which would in turn materially and adversely affect our business, results of operations and financial condition. We also cannot be certain that equity interests in the Consolidated Affiliated Entities will be disposed of in accordance with the Contractual Arrangements. In addition, it is unclear what impact the regulatory or enforcement actions would have on us and on our ability to consolidate the financial results of the Consolidated Affiliated Entities in our combined financial statements, if the PRC government authorities were to find our legal structure and Contractual Arrangements to be in violation of PRC laws and regulations. If the imposition of any of these government actions causes us to lose our right to exert control or direct the

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activities of the Consolidated Affiliated Entities or our right to receive substantially all the economic benefits and residual returns from the Consolidated Affiliated Entities and we are unable to restructure our ownership structure and operations in a satisfactory manner, we would no longer be able to consolidate the financial results of the Consolidated Affiliated Entities in our consolidated financial statements. Either of these results, or any other significant penalties that might be imposed on us in this event would have a material adverse effect on our financial condition and results of operations.

We rely on Contractual Arrangements with our Consolidated Affiliated Entities and Registered Shareholders to operate our business, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on Contractual Arrangements to operate part of our business. See “Contractual Arrangements.” The Contractual Arrangements may not be as effective as direct ownership in providing us with control over the Consolidated Affiliated Entities.

If we had full ownership of the Consolidated Affiliated Entities, we would be able to exercise our rights as a sole shareholder to effect changes in the board of directors of such entity, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the current Contractual Arrangements, we rely on the performance by the Consolidated Affiliated Entities and Registered Shareholders of their obligations under the contracts to exercise control over the Consolidated Affiliated Entities. The Registered Shareholders may not act in the best interests of our Company or may not perform its obligations under these contracts. Such risks exist throughout the period in which we intend to operate our business through the Contractual Arrangements. However, if any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC laws and arbitration, litigation or other legal proceedings. See “— Any failure by the Consolidated Affiliated Entities and Registered Shareholders to perform their obligations under our Contractual Arrangements with them would have a material and adverse effect on our business.” Therefore, our Contractual Arrangements may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

Any failure by the Consolidated Affiliated Entities and Registered Shareholders to perform their obligations under our Contractual Arrangements with them would have a material and adverse effect on our business.

If our Consolidated Affiliated Entities or the Registered Shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC laws, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective. For example, if the Registered Shareholders were to refuse to transfer the equity interest held by them in the

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Consolidated Affiliated Entities to us or our designee when we exercise the purchase option pursuant to the Contractual Arrangements, or if they were otherwise to act in bad faith toward us, we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our Contractual Arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC laws, and any disputes would be resolved in accordance with PRC legal procedures. We cannot assure you that we will be able to effectively enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how Contractual Arrangements in the context of a consolidated affiliated entity should be interpreted or enforced under PRC laws, and as a result it may be difficult to predict how an arbitration panel would view such Contractual Arrangements. As a result, our ability to enforce the Contractual Arrangements is uncertain. Additionally, under PRC laws, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. If these disputes or proceedings were to impair our control over the Consolidated Affiliated Entities, we may not be able to maintain effective control over our business operations in the PRC and thus would not be able to continue to consolidate the financial results of the Consolidated Affiliated Entities, which would in turn result in a material adverse effect on our business, results of operations and financial condition.

In addition, the Consolidated Affiliated Entities hold certain of our important licenses and permits, including value-added telecommunications licenses to operate our business. In the event we are unable to enforce our Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities, and our ability to conduct these businesses may be negatively affected, which may have a material and adverse effect on our financial condition and results of operations.

The Registered Shareholders may have potential conflicts of interest with us.

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

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We may invoke the right under the equity pledge agreements with the Registered Shareholders to enforce the equity pledge in the case of any shareholder’s breach of the Contractual Arrangements. For individuals who are also our directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that directors and officers owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. The Registered Shareholders have executed powers of attorney to appoint our relevant subsidiary or a person designated by such subsidiary to vote on their behalf and exercise voting rights as shareholders of the Consolidated Affiliated Entities. If we cannot resolve any conflict of interest or dispute between us and the Registered Shareholders, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

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

On March 15, 2019, the National People’s Congress approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which took effect on January 1, 2020. Along with the Foreign Investment Law, the Implementing Rules of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council and the Interpretation of the Supreme People’s Court on Several Issues Concerning the Application of the Foreign Investment Law of the PRC promulgated by the Supreme People’s Court (《最高人民法院關於適用〈中華人民共和國外商投資法〉若干問題的解釋》) became effective on January 1, 2020. The Foreign Investment Law and its current implementation and interpretation rules do not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign-invested enterprises if they are ultimately “controlled” by foreign investors. However, it has a catch-all provision under the definition of “foreign investment” that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations, or the State Council. Therefore, it still leaves leeway for future laws, administrative regulations, or provisions of the State Council to provide for contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that our control over the Consolidated Affiliated Entities through Contractual Arrangements will not be deemed to be a foreign investment in the future and our Contractual Arrangements will not be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations.

The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either “restricted” or “prohibited” from foreign investment in a “negative list.” The Foreign Investment Law and its implementing rules provide that foreign-invested entities operating in “restricted” industries shall comply with the special requirements on the shareholding, senior management personnel or other requirements. Pursuant to the Negative List, the value-added telecommunication services focusing on internet information services we provide fall within the restricted category. If our control over the Consolidated Affiliated Entities through Contractual

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Arrangements is deemed to be a foreign investment in the future, and any business of the Consolidated Affiliated Entities is “restricted” or “prohibited” from foreign investment under the “negative list” effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the Contractual Arrangements that allow us to have control over the Consolidated Affiliated Entities may be deemed invalid and illegal, and we may be required to unwind the Contractual Arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operations.

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

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

The Consolidated Affiliated Entity holds licenses, approvals, and assets that are necessary for the operation of certain of our businesses to which foreign investments are typically restricted under applicable PRC laws and regulations. The Contractual Arrangements contain terms that specifically obligate the Registered Shareholders to ensure the valid existence of the Consolidated Affiliated Entities and restrict the disposition of material assets or any equity interest of the Consolidated Affiliated Entities. However, in the event the Registered Shareholders breach the terms of the Contractual Arrangements and/or voluntarily liquidate the Consolidated Affiliated Entities, or the Consolidated Affiliated Entities declare bankruptcy and all or part of our assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to operate some or all of our businesses or otherwise benefit from the assets held by the Consolidated Affiliated Entities, which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, if the Consolidated Affiliated Entities undergo a voluntary or involuntary liquidation proceeding, the Registered Shareholders of the Consolidated Affiliated Entities or unrelated third-party creditors may claim rights to some or all of the assets of the Consolidated Affiliated Entities, thereby hindering our ability to operate our business as well as constraining our growth.

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The Contractual Arrangements with our Consolidated Affiliated Entities and Registered Shareholders may be subject to scrutiny by the tax authorities in the PRC. Any adjustment of related party transaction pricing could cause additional taxes, and therefore substantially reduce our consolidated profit and the value of your [REDACTED].

Under applicable PRC laws and regulations, transactions among related parties may be subject to audit or challenge by the PRC tax authorities. If the PRC tax authorities determine the transactions between the PRC subsidiaries and the Consolidated Affiliated Entities in China, and their respective shareholders, were not entered into on an arm’s-length basis and resulted in deferral or underpayment in taxes, they are entitled to make special tax adjustments which might result in the increase of the Consolidated Affiliated Entities’ tax liabilities. If the tax authorities conduct special tax adjustments, they might impose interest charges for the underpaid taxes. Our financial position could be adversely affected if the Consolidated Affiliated Entities’ tax liabilities increase or if they are required to pay interest charge.

Certain terms of our Contractual Arrangements may not be enforceable under PRC laws and regulations.

All agreements that constitute Contractual Arrangements are governed by PRC laws and regulations and provide for resolution of disputes through arbitration in China. Accordingly, these agreements would be interpreted in accordance with PRC laws and regulations, and disputes would be resolved in accordance with PRC legal procedures. If we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the Consolidated Affiliated Entities, and our ability to conduct our business and our results of operations and financial condition may be materially and adversely affected. The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of the Consolidated Affiliated Entities, injunctive relief and/or winding up of the Consolidated Affiliated Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws and regulations, these terms may not be enforceable. Under PRC laws and regulations, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in the Consolidated Affiliated Entities in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts, such as courts in Hong Kong and Cayman Islands, may not be recognizable or enforceable in China. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by the Consolidated Affiliated Entities and/or the Registered Shareholders, and if we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities, which could negatively affect our ability to conduct our business.

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If we exercise the option to acquire equity ownership of our Consolidated Affiliated Entities, the ownership transfer may subject us to certain limitations and substantial costs.

Pursuant to the Contractual Arrangements, we have the exclusive right to purchase all or any part of the equity interests in the Consolidated Affiliated Entities held by the Registered Shareholders at purchase price of RMB1, or at the lowest price permitted by PRC laws, for the optioned interests, unless the relevant government authorities or PRC laws request that the equity interests be evaluated upon purchase and in which case the purchase price shall be adjusted based on the evaluation result. The lowest price permitted by PRC laws for such transfer may be substantially higher than the paid-in registered capital corresponding to such equity interests, or the competent tax authority may require us to pay enterprise income tax for ownership transfer income with reference to the market value, instead of the price stipulated under the Contractual Arrangements. In such case, we may be subject to a substantial amount of tax, and our financial condition may be materially and adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTION WHERE WE OPERATE

While this may also apply to other jurisdictions, changes in the economic, social and other general conditions in the geographical market in which we operate could affect our business, results of operations and financial condition.

All of our business assets are located in China, and we operate our business in China. Accordingly, our business, results of operations and financial condition may be influenced to a significant degree by economic, social conditions, legal and other general developments in China. The economies in emerging markets generally differ from developed markets in many respects, including commuter habits and preferences, corporate and government spending, business investment, level of economic development, resource allocation and other factors which could affect the growth of our business. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business and its growth prospects may also be affected.

While this may also apply to other jurisdictions, the regulatory environment in the geographical market in which we operate is evolving and any failure to comply with laws and regulations could adversely affect us.

We are based in China and our business in China is governed by PRC laws and regulations. The PRC legal system continues to rapidly evolve. The legal system in China is based on written statutes, and prior court decisions can only be cited as reference but not binding on subsequent cases and have limited precedential value unless the Supreme People’s Court of the PRC otherwise provides. Therefore, the interpretation and enforcement of these laws and regulations are subject to changes and evolving, and we may fail to predict the

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outcome of application of some of these laws and regulations to our business. For example, on December 29, 2023, the Standing Committee of the National People’s Congress published the PRC Company Law (2023 Revision) (the “**New Company Law**”), which took effect on July 1, 2024. The New Company Law makes substantial changes to the current PRC Company Law in many respects, including, among others, imposing requirements on time limit for capital contribution. Specifically, the New Company Law requires shareholders of a company to fully pay in their subscribed registered capital within five years of the establishment of the company. It also provides that companies established before the New Company Law comes into force with a term of capital contributions exceeding the aforementioned five-year period shall adjust their schedule of capital contribution to meet the new requirements, unless otherwise provided by laws and regulations or the State Council. We may be required to fulfill our capital contribution obligations to our PRC subsidiaries and to provide financial support to the shareholders of the Consolidated Affiliated Entities within a significantly shorter timeframe than currently stipulated pursuant to the New Company Law. However, as the New Company Law is newly issued, its implementation and interpretation remain uncertain. Since relevant authorities may have discretion in interpreting and implementing statutory provisions, we cannot guarantee that the outcome of administrative and court proceedings and the level of legal protection we have in many of the cities and localities in which we operate will end in our favor. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

We cannot assure you that a number of laws and regulations may not be adopted or construed to apply to us in our geographic market and elsewhere that could affect our industries in the future. Regulations of the industries in which we operate may be subject to changes, and we may be required to adopt additional compliance measures or to devote other resources to addressing such changes. Changes in current laws or regulations or the imposition of new laws and regulations regarding our industries in our geographic market may slow the growth of our industries and adversely affect our financial condition and results of operations.

We are subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with capital raising activities, including this [REDACTED].

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》), which calls for, among others, enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulations governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines (together, “Overseas Listing Trial Measures”), which came into effect on March 31, 2023. Pursuant to the Overseas Listing Trial Measures,

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domestic companies that seek to list overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC. Specifically, following the principle of substance over form, if an issuer meets both of the following criteria, its overseas offering and listing will be deemed as an indirect overseas offering and listing by a domestic enterprise: (1) any of the total assets, net assets, revenue or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer’s audited consolidated financial statements for the same period; and (2) its major operational activities are carried out in China or its main places of business are located in China, or a majority of the senior management in charge of operation and management of the issuer are Chinese citizens or are domiciled in China. The filing is required to be conducted within three business days after the submission of the application for initial public offering and listing overseas to the overseas regulators. The CSRC will review the filing application and may have queries and/or consult with other relevant regulators. Filings granted by the CSRC will have a valid term of one year during which the issuer should complete the offering. Further follow-up offerings after overseas listings also require a filing within three business days after the completion of the offering, and the listed companies will need to report to the CSRC upon the occurrence and public disclosure of certain significant matters such as a change in control, penalty received from overseas securities regulators or relevant PRC regulators, a switch of listing status and a termination of listing. See “Regulations — Regulations Related to M&A and Overseas Listing.” If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as orders to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

Our PRC Legal Advisor is of the view that this [REDACTED] shall be deemed to be an indirect overseas [REDACTED] and [REDACTED] by PRC domestic enterprise, and we are required to submit filings with the CSRC within three business days after we submit application for this [REDACTED]. We have filed requisite materials with the CSRC with respect to this [REDACTED] within specified time limit in accordance with the Overseas Listing Trial Measures. On January 6, 2025, the CSRC issued a notification on our completion of the CSRC filing procedures for the [REDACTED] of our Shares on the Stock Exchange and the [REDACTED]. Furthermore, if the filing procedure with the CSRC under the Overseas Listing Trial Measures is required for any future [REDACTED], [REDACTED] or any other capital raising activities, it is uncertain whether we could complete the filing procedure in relation to any further capital raising activities in a timely manner, or at all.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection, and the National Archives Administration of China published the revised Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Confidentiality and Archives Administration Provisions**”) which came into effect on March 31, 2023. The Confidentiality and Archives Administration Provisions require that, in relation to the overseas securities offering and listing

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activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. According to the Confidentiality and Archives Administration Provisions, during an overseas offering and listing, if a domestic company needs to provide or publicly disclose to securities companies, securities service providers and overseas regulators, any materials that contain relevant state secrets or that have an adverse impact on the national security or public interests, the domestic company should complete the relevant approval/filing and other regulatory procedures.

In addition, on December 28, 2021, the CAC, together with other relevant administrative departments, jointly promulgated the revised Cybersecurity Review Measures (《網絡安全審查辦法》) with effect from February 15, 2022, according to which critical information infrastructure operators that procure internet products and services, and network platform operators engaging in data processing activities, must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further provide that an online platform operator who possesses personal information of over one million users and intends to list in a foreign country must be subject to the cybersecurity review. Our PRC Legal Advisor is of the view that the term of “listing on a foreign stock exchange” under the Cybersecurity Review Measures exempts listing in Hong Kong from the mandatory obligation of ex-ante declaration of cybersecurity review. Furthermore, the governmental authorities have discretion to initiate a cybersecurity review on any data processing activity if they deem such activity affects or may affect national security. The identification of critical information infrastructure operators is subject to specific identification rules stipulated by relevant industry regulators and the notice from the relevant regulators pursuant to the Regulations on Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》). As of the Latest Practicable Date, we had not received any notification classifying us as “critical infrastructure information operator” from the relevant supervisory authorities. There can be no assurance that the relevant PRC government authorities would not determine us as “critical infrastructure information operator” in the future.

On September 30, 2024, the State Council published the Administration Regulations on Network Data Security (《網絡數據安全管理條例》) (the “**Data Security Regulations**”), which provides that network data processors conduct network data processing activities that affect or may possibly affect national security must conduct national security review in accordance with relevant laws and regulations. The Data Security Regulations provide no further explanation or interpretation as to how to determine what constitutes “affecting national security.” As such, there remain uncertainties of interpretation, application and enforcement of the evolving relevant laws and regulations, and future regulatory changes may impose additional restrictions.

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The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this [REDACTED] or future capital raising activities before settlement and delivery of the Shares [REDACTED] hereby. Consequently, if you engage in market [REDACTED] or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures in addition to those prescribed under the Overseas Listing Trial Measures for future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any such circumstances regarding such approval, filing or other requirements could materially and adversely affect our business, results of operations, financial condition, prospects, reputation, and [REDACTED] price of the Shares.

PRC laws and regulations regarding loans to and direct investment in PRC entities by offshore holding companies and regulatory requirements of currency conversion may delay or prevent us from making loans to our PRC subsidiaries and Consolidated Affiliated Entities or making additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and Consolidated Affiliated Entities. We may make loans to our PRC subsidiaries and Consolidated Affiliated Entities, subject to the approval from or registration with governmental authorities and limitation on amount, or we may make additional capital contributions to our PRC subsidiaries in China.

Any loans to our PRC subsidiaries and Consolidated Affiliated Entities are subject to PRC regulations and applicable foreign exchange loan registrations. For example, any loans by us to our PRC subsidiaries or Consolidated Affiliated Entities to finance their activities are subject to applicable foreign loan registration with the local counterpart of the SAFE and limitation on amount under PRC laws, and any medium or long-term loans by us to our PRC subsidiaries must be approved and registered with the NDRC. In addition, a foreign-invested enterprise shall use its capital pursuant to the principle of authenticity and self-use within its business scope. Specifically, the capital of a foreign invested enterprise shall not be used for the following purposes: (i) directly or indirectly used for payment beyond the business scope of such enterprise or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or investments and wealth management (except for wealth management products and structured deposits with risk rating results of not higher than Grade II); (iii) provision of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope of the enterprise; and (iv) purchasing residential real estate not for self-use (except for enterprises engaging in real estate development and leasing operations).

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We may also decide to finance our PRC subsidiaries in China by means of capital contributions. These capital contributions shall go through record-filing procedures from competent administration for market regulation. SAFE issued the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**SAFE Circular 19**”), which took effect on June 1, 2015. The SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, provided that such usage shall fall into the scope of business of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. In addition, SAFE promulgated the Circular on Further Promoting the Facilitation of Cross-Border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) on October 23, 2019 (the “**SAFE Circular 28**”), pursuant to which all foreign-invested enterprises can make equity investments in the PRC with their capital funds in accordance with the law. The Circular Regarding Further Optimizing the Cross-border RMB Policy to Support the Stabilization of Foreign Trade and Foreign Investment (《關於進一步優化跨境人民幣政策支持穩外貿穩外資的通知》) jointly promulgated by the PBOC, the NDRC, the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the China Banking and Insurance Regulatory Commission and SAFE on December 31, 2020 and effective on February 4, 2021 allows the non-investment foreign-invested enterprises to make domestic reinvestment with RMB capital in accordance with the law on the premise that they comply with prevailing regulations and the invested projects in China are authentic and compliant. In addition, if a foreign-invested enterprise uses RMB income under capital accounts to conduct domestic reinvestment, the invested enterprise is not required to open a special deposit account for RMB capital.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals or record-filings on a timely basis, if at all, with respect to future loans or capital contributions made by us to our PRC subsidiaries or Consolidated Affiliated Entities. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries or Consolidated Affiliated Entities when needed. If we fail to complete such registrations or obtain such approvals or record-filings, our ability to use foreign currency, including the [REDACTED] we received from our [REDACTED], and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

In addition, our PRC subsidiaries may also be required to withhold a value-added tax of 6% and an income tax of 10% (or 7% if paid to a resident of Hong Kong who qualifies for the benefits of the tax treaty between China and Hong Kong) and other tax as applicable on interest paid under any cross-border shareholder loan. Prior to the payment of any interest on any such shareholder loan, our PRC subsidiaries must present evidence of registration with SAFE regarding any such shareholder loan and may be required to provide evidence of payment of withholding tax on the interest payable on that loan.

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

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

In addition, the PRC tax authorities may require our Wuhan WFOE to adjust their taxable income under the Contractual Arrangements they currently have in place with our Consolidated Affiliated Entities in a manner that would materially and adversely affect their ability to pay dividends and other distributions to us.

Under PRC laws and regulations, our PRC subsidiaries in China may pay dividends to us only out of their respective accumulated after-tax profits as determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its accumulated after-tax profits each year, after making up previous years’ accumulated losses, if any, to fund certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends.

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

Laws and regulations over currency conversion and the future fluctuations of exchange rates may limit our ability to utilize our revenue effectively and affect the value of your [REDACTED].

The PRC government imposes laws and regulations on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under our current corporate structure, our Company in the Cayman Islands relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval of SAFE, by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies

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to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulations. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies.

The PRC government may further regulate access to foreign currencies for current account transactions in the future. If the foreign exchange regulation system makes it difficult for us to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further regulating the remittance of Renminbi into or out of China.

The value of Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to change resulting from government’s policies and depends to a large extent on domestic and international economic and global political developments, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

During the Track Record Period, substantially all of our revenue and expenditures were denominated in Renminbi, while the net [REDACTED] from the [REDACTED] will be in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may affect the value of, and any dividends payable on, the Shares in foreign currency terms. For example, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. Further, we may not be able to find suitable instruments to reduce our foreign currency risk exposure at reasonable costs. All of these factors could adversely affect our business, results of operations and financial condition, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

China’s M&A Rules and certain other PRC regulations establish procedures and requirements for certain acquisitions of PRC companies, which could make it difficult for us to pursue growth through acquisitions in China.

On August 8, 2006, MOFCOM, State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), the SAT, the SAIC, the CSRC and SAFE jointly issued the Regulations on Mergers with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”), which was effective on September 8, 2006 and amended in June 2009. Merger and acquisition activities by foreign investors are subject to procedures and requirements under M&A Rules, laws and other regulations and rules concerning M&A, including requirements in some instances that MOFCOM be notified in advance of any change-of-control transaction in

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which a foreign investor takes control of a PRC domestic enterprise, which could potentially require a foreign investor to spend more time navigating through the review process. In addition, the Provisions of the Ministry of Commerce on the Implementation of the Safety Review System for Merger and Acquisition of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) issued by MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. Moreover, the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the Standing Committee of the National People’s Congress of China and effective in 2008, as most recently amended on June 24, 2022 and effective from August 1, 2022, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the relevant anti-monopoly authority before they can be completed. It also requires business operators not to abuse data, algorithms, technology, capital advantages and platform rules to exclude or limit competition.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the abovementioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts, may affect our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into these subsidiaries, limit these subsidiaries’ ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

The SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 37**”) in July 2014. The SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in the SAFE Circular 37 as a “special purpose vehicle.” The term “control” under the SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. The SAFE Circular 37 further requires amendments to the registration in the event of any

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changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period, or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material events. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the SAFE registration and amendment requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions. In February 2015, SAFE issued the Circular on Further Simplifying and Improving Foreign Exchange Control Policies on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular 13**”), which took effect on June 1, 2015. SAFE Circular 13 has delegated to the qualified banks the authority to register all PRC residents’ investment in “special purpose vehicle” pursuant to the SAFE Circular 37, except that those PRC residents who have failed to comply with the SAFE Circular 37 will continue to fall into the jurisdiction of the local SAFE branch and must make their supplementary registration application with the local SAFE branch. See “Regulations — Regulations Related to Foreign Exchange.”

We have notified all individuals or entities who directly or indirectly hold shares in our Company and are known to us as PRC residents to complete the foreign exchange registrations. However, we may not always be fully aware or be informed of the identities of all the PRC residents holding direct or indirect interest in our Company, and we cannot provide any assurance that all shareholders or beneficial owners of our Company who are PRC residents have complied, and will in the future to make, obtain or update any applicable registrations or comply with other requirements under the SAFE Circular 37 or other related rules. The failure or inability of our PRC resident shareholders or beneficial owners to comply with the registration procedures set forth in these regulations may subject our foreign-owned subsidiaries in China to fines and legal penalties, restrict our cross-border investment activities, limit the ability of our foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us, and we may also be prohibited from injecting additional capital into these subsidiaries. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

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

In February 2012, SAFE promulgated the Circular on Relevant Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the “SAFE Circular 7”), replacing the previous rules issued by SAFE in March 2007. Under the SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in an equity incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of an equity incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the equity incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the equity incentive plan if there is any material change to the equity incentive plan, the PRC agent or the overseas entrusted institution or other material changes. We and our PRC employees who have been granted share options will be subject to these regulations upon the completion of this [REDACTED]. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal penalties and may also affect our ability to contribute additional capital to our PRC subsidiary, affect our PRC subsidiary’s ability to distribute dividends to us, or otherwise materially and adversely affect our business.

The SAT has also issued relevant rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon exercise of the share options. Our PRC subsidiary has obligations to file documents with respect to the granted share options or restricted shares with relevant tax authorities and to withhold individual income taxes for their employees upon exercise of the share options or grant of the restricted shares. If our employees fail to pay or we fail to withhold their individual income taxes according to relevant rules and regulations, we may face penalties imposed by the competent governmental authorities.

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

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) and its implementation rules, an enterprise established outside of the PRC with “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. On April 22, 2009, the SAT issued the Notice on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (《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》) (the “**Circular 82**”), which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. According to the Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC, (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC, (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC, and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

Although the Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the Circular 82 may reflect the SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. If the PRC tax authorities determine that we should be classified as a PRC resident enterprise for PRC income tax purposes, our global income will be subject to income tax at a uniform rate of 25%, which may have a material adverse effect on our financial condition and results of operations. Notwithstanding the foregoing provision, the EIT Law also provides that if a PRC resident enterprise directly invests in another PRC resident enterprise, the dividends received by the investing PRC resident enterprise from the invested PRC resident enterprise are exempted from income tax, subject to certain conditions. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company with indirect ownership interests in PRC resident enterprises through intermediary holding companies.

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Moreover, if the PRC tax authorities determine that our Company is a PRC resident enterprise for PRC income tax purposes, gains realized on the sale or other disposal of our Shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises, or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. Any such tax may reduce the returns on your [REDACTED] in our Shares.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

In February 2015, the SAT issued the Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the “**SAT Circular 7**”). The SAT Circular 7 extends its tax jurisdiction to not only indirect transfers but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company. In addition, the SAT Circular 7 provides certain criteria on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. The SAT Circular 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an “indirect transfer” by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owns the taxable assets may report to the relevant tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a tax rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes. Nevertheless, the indirect transfer falling into the safe harbor available under the SAT Circular 7 may not be subject to PRC tax and the scope of the safe harbor includes qualified group restructuring as specifically set out in the SAT Circular 7, public market trading and tax treaty exemptions.

On October 17, 2017, the SAT issued the Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《關於非居民企業所得稅源泉扣繳有關問題的公告》) (the “**SAT Circular 37**”), which came into effect on December 1, 2017. According to the SAT Circular 37, where the non-resident enterprise fails to declare its tax payable pursuant to Article 39 of the EIT Law, the tax authority may order it to pay its tax due within required time limits, and the non-resident enterprise shall declare and pay its tax payable within such time limits specified by the tax authority. If the non-resident enterprise voluntarily declares and pays its tax payable before the tax authority orders it to do so, it shall be deemed that such enterprise has paid its tax payable in time.

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We face uncertainties on the reporting and consequences of our share repurchase transactions and private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our Company by [REDACTED] that are non-PRC resident enterprises. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed under the SAT Circular 7 and the SAT Circular 37, and may be required to expend valuable resources to comply with them or to establish that we and our non-resident enterprises should not be taxed under these regulations, which may have a material adverse effect on our financial condition and results of operations.

You may experience difficulties in effecting service of legal process, enforcing shareholder rights and foreign judgments or bringing actions against us or our management named in the Document based on foreign laws.

We are incorporated in the Cayman Islands. All of our operating subsidiaries are incorporated in the PRC. In addition, all of our Directors and senior management reside in the PRC. A substantial amount of our assets and the assets of our management are located in the PRC. As a result, it may be difficult or impracticable for you to effect service of process within Hong Kong upon us or these persons, to bring an action in Hong Kong against us or these individuals. Moreover, China does not have treaties with most of the other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards.

On July 14, 2006, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**2006 Arrangement**”), which became effective on August 1, 2008. Pursuant to such arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement.

On January 18, 2019, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**2019 Arrangement**”), which became effective on January 29, 2024. Upon the effectiveness of the 2019 Arrangement, the 2006 Arrangement has been superseded, except to the extent that the choice of court agreement in writing was entered into before the effectiveness of the 2019 Arrangement. The 2019 Arrangement establishes a bilateral legal mechanism with further clarity and certainty for recognition and enforcement of judgments in

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a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement. However, the 2019 Arrangement does not apply to certain judgements of civil and commercial matters, and outcomes of any applications to recognize and enforce such judgments and arbitral awards in China will be subject to the PRC courts’ further adjudication in accordance with PRC laws, including the Civil Procedure Law of the PRC.

Furthermore, an original action may only be brought in China against us or our Directors and senior management if the actions are not required to be arbitrated by PRC laws and upon satisfaction of the conditions for commencing a cause of action pursuant to the Civil Procedure Law of the PRC. As a result of the conditions set forth in the Civil Procedure Law of the PRC, we cannot assure you whether [REDACTED] will be able to bring an original action in China in this manner.

RISKS RELATING TO THE [REDACTED]

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

Before the [REDACTED], there was no public market for our Shares. There can be no guarantee that an active [REDACTED] market for our Shares will develop or be sustained after completion of the [REDACTED]. The initial [REDACTED], will be the result of negotiations between our Company and the [REDACTED] (for themselves and on behalf of the [REDACTED]), which may not be indicative of the market price of our Shares that will be traded following completion of the [REDACTED]. The market price of our Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

The price and [REDACTED] volume of our Shares may be volatile, which could result in substantial losses for [REDACTED] purchasing our Shares in the [REDACTED].

The price and [REDACTED] volume of our Shares may be volatile. The market price of our Shares may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond our control:

- actual or anticipated variations of our results of operations;
- changes in securities analysts’ estimates or market perception of our financial performance;
- announcement by us of significant acquisitions, depositions, strategic alliances or joint ventures;
- addition or departure of key senior management or other key personnel;
- fluctuations in the stock market price and volume;

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- regulatory or legal developments, including involvement in litigations;
- fluctuations in [REDACTED] volumes or the release of lock-up or other transfer restrictions on our outstanding Shares or sales of additional Shares by us; and
- general economic, political and stock market conditions in Hong Kong, China and elsewhere in the world.

Normally, a [REDACTED] acting on behalf of the [REDACTED] may over-allocate or effect short sales or any other [REDACTED] transactions with a view to [REDACTED] or maintaining the [REDACTED] of the [REDACTED] shares at a level higher than that which might otherwise prevail in the open market. However, given that we will not grant any [REDACTED] to the [REDACTED], no [REDACTED] has been appointed by us in connection to the [REDACTED] and it is anticipated that no price [REDACTED] activities will be conducted by any [REDACTED], which may result in substantial losses for [REDACTED] during the period when price [REDACTED] activities would normally have been conducted.

In addition, stock markets and the shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price increases and volume fluctuations in recent years, some of which have been unrelated or disproportionate to the operating performance of such companies. These broad market and industry fluctuations may materially and adversely affect the market price of our Shares.

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

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

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

Purchasers of our Shares in the [REDACTED] will experience immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of our Shares is higher than the net tangible asset value per Share of our outstanding Shares immediately prior to the [REDACTED]. Therefore, purchasers of our Shares in the [REDACTED] will experience an immediate dilution in terms of the [REDACTED] net tangible asset value. In addition, we may consider [REDACTED] and

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issuing additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. Purchasers of our Shares may experience further dilution in terms of the net tangible asset value per Share if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share.

If securities or industry analysts cease to publish research or reports about our business, or if they adversely change their recommendations regarding our Shares, the market price for our Shares and [REDACTED] volume could decline.

The [REDACTED] market for our Shares will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our Shares, the market price for our Shares would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or [REDACTED] volume for our Shares to decline.

We have no experience operating as a [REDACTED] company.

Since we are becoming a [REDACTED] company, our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards and securities and [REDACTED] relationships issues. As a [REDACTED] company, our management will have to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. We cannot guarantee that we will be able to do so in a timely and effective manner.

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

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

Our Board has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at they fall due in the ordinary course of business. In addition, our Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flows, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other

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factors deemed relevant by our Board. Accordingly, the return on your [REDACTED] in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your [REDACTED] in our Shares and you may even lose your entire [REDACTED] in our Shares.

Certain statistics contained in this Document are derived from a third-party report and publicly available official sources.

This Document, particularly the sections headed “Business” and “Industry Overview,” contains information and statistics relating to our industry. Such information and statistics have been derived from different official government publications, available sources from public market research and other sources from independent suppliers, and from an independent industry report prepared by CIC. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED] and the [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Cayman Companies Act and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority shareholders may be located. See “Summary of the Constitution of the Company and Cayman Companies Act” in Appendix III to this Document.

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As a result of all of the above, minority shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or our majority shareholder, which may provide different remedies to minority shareholders when compared to the laws of the jurisdiction in which such shareholders are located.

Waivers [have been granted] from compliance with certain requirements of the Listing Rules.

Shareholders will not have the benefit of the Listing Rules that are so waived. These waivers could be revoked, exposing us and our Shareholders to additional legal and compliance obligations. We have applied for, [and the Stock Exchange and SFC have granted to us,] a number of waivers from strict compliance with the Listing Rules. See “Waivers and Exemptions.” There is no assurance that the Stock Exchange or SFC will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations and incur additional compliance costs, all of which could materially and adversely affect us and our Shareholders.

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

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

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

This Document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “aim,” “anticipate,” “aspire,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goals,” “intend,” “may,” “objective,” “ought to,” “outlook,” “plan,” “potential,” “project,” “schedules,” “seek,” “should,” “target,” “vision,” “will,” “would” and other similar terms. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those

RISK FACTORS

assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this Document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to this cautionary statement.

WAIVERS AND EXEMPTIONS

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and an exemption from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong, and this will normally mean that at least two of the new applicant’s executive directors must be ordinarily resident in Hong Kong.

Since the headquarters and business operations of our Company are based, managed and conducted outside of Hong Kong, and all of our executive Directors and all of the senior management team do not ordinarily reside in Hong Kong, we 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, and will not for the foreseeable future, 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 and will continue to maintain two authorized representatives, Ms. Lu Lu (呂露), our executive Director and chief financial officer, and Ms. Sham Ying Man (岑影文), our company secretary, to be the principal communication channel at all times between the Stock Exchange and our Company. Each of them has confirmed that she 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 matters on short notice. As and when the Stock Exchange wishes to contact the Directors on any matters, each of the authorized representatives will have means to contact all of the Directors promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any change in the authorized representatives;

WAIVERS AND EXEMPTIONS

- (b) in addition to the appointment of the authorized representatives, to facilitate communication with the Stock Exchange, the contact details of each Director, including his or her mobile phone number, office phone number, facsimile number and email address have been provided to each of the authorized representatives, our company secretary, the Compliance Advisor who have means for contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any urgent matters. 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; and
- (c) our Company has appointed Altus Capital Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules. The Compliance Advisor will serve as an additional channel of communication in addition to the authorized representatives of our Company. The Compliance Advisor will provide our Company with professional advice on ongoing compliance with the Listing Rules and will be available to respond to enquiries from the Stock Exchange. Our Company will ensure that the Compliance Advisor has prompt access to the Company's authorized representatives and Directors who will provide the Compliance Advisor with such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor's duties. Meetings between the Stock Exchange and the Directors could be arranged through the authorized representatives or the Compliance Advisor, or directly with the Directors within a reasonable time frame. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the Compliance Advisor.

WAIVER AND EXEMPTION IN RELATION TO THE 2015 SHARE INCENTIVE PLAN AND THE 2023 SHARE INCENTIVE PLAN

Rule 17.02(1)(b) of the Listing Rules requires a listing applicant to, inter alia, disclose in this Document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards.

Paragraph 27 of Appendix D1A to the Listing Rules requires a listing applicant to disclose, inter alia, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

WAIVERS AND EXEMPTIONS

Under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Document must state the matters specified in Part I of the Third Schedule.

Under paragraph 10 of Part I of the Third Schedule, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the Document.

As of the date of this Document:

- (a) under the 2015 Share Incentive Plan, our Company has granted a total of 18,615,738 options (representing the right to subscribe 18,615,738 Shares), being the maximum number of awards under the plan. Among such grants, 11,990,988 options have been exercised, 100,500 options (representing the right to subscribe 100,500 Shares) have been canceled as the employment with certain grantees was terminated before relevant options being exercised, and the remaining 6,524,250 options granted to 71 grantees remain outstanding.
- (b) under the 2023 Share Incentive Plan, our Company has granted a total of 28,895,000 share awards and 6,015,920 options, being the maximum number of awards under the plan. Among such grants of options, 2,000,000 options were granted to one Director of our Company and the other 4,015,920 options were granted to 42 eligible participants who are not Directors, senior management or connected persons of our Company.

Accordingly, as of the date of this Document, 12,540,170 options (representing the right to subscribe 12,540,170 Shares) granted to 96 grantees (the “**Grantees**”, each a “**Grantee**”) remain outstanding. As a result, 12,540,170 options (representing the right to subscribe 12,540,170 Shares) would remain outstanding prior to [REDACTED] and no new award/option may be granted after [REDACTED].

WAIVERS AND EXEMPTIONS

The Sole Sponsor has applied, on behalf of our Company, to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules and (ii) the SFC for a certificate of exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the options and certain grantees in this Document on the ground that the waiver and the exemption will not prejudice the interest of the [REDACTED] public and strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons, among others:

- (a) since the outstanding options under the 2015 Share Incentive Plan and the 2023 Share Incentive Plan were granted to a total of 96 Grantees, strict compliance with the relevant disclosure requirements to disclose names, addresses, and entitlements on an individual basis in this Document will require substantial number of pages of additional disclosure that does not provide any material information for the investing public and would significantly increase the cost and timing for information compilation and document preparation;
- (b) key information of the outstanding options granted under each of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan to the Director, members of the senior management and connected persons of the Company (if any) has already been disclosed under the section headed “Appendix IV — Statutory and General Information — D. Share Incentive Plans” in this Document;
- (c) the key information of each of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan as disclosed in “Appendix IV — Statutory and General Information — D. Share Incentive Plans” in this Document is sufficient to provide potential [REDACTED] with information to make an informed assessment of the potential dilution effect and impact on earnings per share of the options granted under the 2015 Share Incentive Plan and the 2023 Share Incentive Plan in their [REDACTED] decision making process;
- (d) the disclosure of the personal details of each Grantee, including the number of options granted and address may require obtaining consent from all the Grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for the Company to obtain such consents;
- (e) given the nature of the business of the Company, it is extremely important for the Company to recruit and retain talents, and the success of the Company’s long-term development plan will very much depend on the loyalty and contribution of the Grantees, whereas the information relating to the options granted to the Grantees is highly sensitive and confidential, and may adversely affect the Company’s cost and ability to recruit and retain talents;

WAIVERS AND EXEMPTIONS

- (f) the grant and exercise of options under the Share Incentive Plans will not cause any material adverse change in the financial position of the Company; and
- (g) the lack of full compliance with such disclosure requirements will not prevent potential [REDACTED] from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Group and will not prejudice the interest of the [REDACTED] public.

The Stock Exchange [has granted] us a waiver from strict compliance with the relevant requirements under the Listing Rules subject to the conditions that the following information will be clearly disclosed in this Document:

- (i) on individual basis, full details of all the outstanding options granted by the Company under each of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan to each of the Director, the members of the senior management and connected persons of the Company (if any), including all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (ii) in respect of the outstanding options granted by the Company to the Grantees other than those referred to in sub-paragraph (i) above: (x) the aggregate number of the Grantees and the number of Shares subject to the outstanding options; (y) the consideration paid for the grant of the options; and (z) the exercise period and the exercise price for the options;
- (iii) the dilution effect and impact on earnings per Share upon full exercise of the outstanding options granted under each of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan;
- (iv) the aggregate number of Shares subject to the outstanding options granted by the Company under each of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan and the percentage of the Company’s issued share capital of which such number represents;
- (v) a summary of each of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan; and
- (vi) the list of all the Grantees (including the persons referred to in paragraph (ii) above), containing all details as required under Rule 17.02(1)(b), paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule be made available for public inspection in accordance with the section headed “Appendix V — Documents Delivered to the Registrar of Companies and Available on Display — Document Available for Inspection” in this Document.

WAIVERS AND EXEMPTIONS

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

- (i) on an individual basis, full details of all the outstanding options granted under each of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan to each of the Director, members of the senior management and connected persons of the Company (if any) will be disclosed in this Document and such details include all the particulars required by paragraph 10 of Part I of the Third Schedule;
- (ii) in respect of the outstanding options granted under the 2015 Share Incentive Plan and the 2023 Share Incentive Plan to Grantees other than those referred to in (i) above, disclosure is made in this Document on an aggregate basis with the following details, including (i) the aggregate number of such Grantees and the number of Shares subject to the options granted to them under each of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan, (ii) the consideration paid for the grant of the options under each of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan, and (iii) the exercise period and the exercise price for the options granted under each of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan;
- (iii) a full list of all the Grantees (including the persons referred to in sub-paragraph (ii) above) who have been granted options to subscribe for Shares under each of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan, containing all the particulars as required under paragraph 10 of Part I of the Third Schedule, be made available for inspection in accordance with the section headed “Appendix V — Documents Delivered to the Registrar of Companies and Available on Display — Document Available for Inspection” in this Document; and
- (iv) the particulars of the exemption be set forth in this Document and that this Document will be issued on or before [REDACTED].

CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions that will constitute continuing connected transactions of our Company under the Listing Rules upon [REDACTED]. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], waivers from strict compliance with Chapter 14A of the Listing Rules. See “Connected Transactions” for further details.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential Address	Nationality

Executive Directors

Dr. Sun Xi (孫熙)	5D, Unit 1, Building 10 Dongrun Fengjing III No. 28 Nanshiliju Road Chaoyang District Beijing, China	Chinese

Ms. Qian Jinlei (錢金蕾)	902, Unit 2, Floor 8 Building 908, Shui'an Zhuangyuan Chaoyang District Beijing, China	Chinese

Mr. Xu Cheng (許誠)	516, Floor 4 No. 235 Chaoyang North Road Chaoyang District Beijing, China	Chinese

Ms. Lu Lu (呂露)	601, Floor 5, Unit 3, Building 6 No. 8, Lize West Street Chaoyang District Beijing, China	Chinese

Independent Non-Executive Directors

Dr. Xie Tao (謝濤)	102, Unit 2, Building 9 No. 3, Yongfeng Jiayuan Haidian District Beijing, China	Chinese

Ms. Su Yu (蘇瑜)	No. 2601, Building 618 Wangjing Dongyuan Chaoyang District Beijing, China	Chinese

Mr. Huang Xiaoling (黃曉凌)	Room 1702, No. 8 Lane 3888, Duhui Road Minhang District Shanghai, China	Chinese

For further information of the Directors, see “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

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

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisors to the Company

As to Hong Kong and U.S. laws:

Cooley HK

35/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC law:

Han Kun Law Offices

9/F, Office Tower C1
Oriental Plaza
1 East Chang An Avenue
Dongcheng District, Beijing
PRC

As to Cayman Islands law:

Campbells

3002-04, 30/F Gloucester Tower
The Landmark
15 Queen’s Road Central
Hong Kong

Legal Advisors to the Sole Sponsor and the [REDACTED]

As to Hong Kong and U.S. laws:

Paul Hastings

22/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

As to PRC law:

CM Law Firm

Room 2805, Plaza 66 Tower 2
1366 West Nanjing Rd
Shanghai
PRC

Reporting Accountant and Auditor

Ernst & Young

Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Industry Consultant

**China Insights Industry Consultancy
Limited**

10F, Block B

Jing'an International Center

88 Puji Road, Jing'an District

Shanghai

PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office in the Cayman Islands	3-212 Governors Square 23 Lime Tree Bay Avenue P.O. Box 30746 Seven Mile Beach Grand Cayman KY1-1203 Cayman Islands
Headquarters and Principal Place of Business in the PRC	1/F, Liangdian Creative Park No. 94, Dongsishitiao Street Dongcheng District, Beijing PRC
Principal Place of Business in Hong Kong	Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company Website	<u>www.metalight.com.cn</u> <i>(Note: the information contained on this website does not form part of this Document)</i>
Company Secretary	Ms. Sham Ying Man (岑影文) Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Ms. Lu Lu (呂露) 601, Building 3, Unit 6 No. 8, Lize West Street Chaoyang District Beijing, China Ms. Sham Ying Man (岑影文) Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Ms. Su Yu (蘇瑜) (<i>Chairperson</i>) Mr. Huang Xiaoling (黃曉凌) Dr. Xie Tao (謝濤)
Remuneration Committee	Mr. Huang Xiaoling (黃曉凌) (<i>Chairperson</i>) Ms. Su Yu (蘇瑜) Dr. Xie Tao (謝濤)

CORPORATE INFORMATION

Nomination Committee

Dr. Sun Xi (孫熙) (*Chairperson*)

Ms. Su Yu (蘇瑜)

Mr. Huang Xiaoling (黃曉凌)

[REDACTED]

Compliance Advisor

Altus Capital Limited

21 Wing Wo Street

Central, Hong Kong

Principal Banks

China Merchants Bank Wuhan

Wuchang Branch

1/F, Zhongkan Mansion

18 Zhongnan Road

Wuchang District, Wuhan

Hubei Province, China

Bank of China (Hong Kong) Limited

Bank of China Tower

1 Garden Road

Central

Hong Kong

INDUSTRY OVERVIEW

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

OVERVIEW OF CHINA’S PUBLIC BUS INFORMATION SERVICES MARKET

China’s Public Bus System

With the rapid development of China’s economy, China’s urbanization process is accelerating, profoundly transforming the urban landscape and reshaping residents’ commuting patterns. Public buses, known for their convenience, affordability and environmental benefits, have become a key component of urban transportation systems. As cities expand and population density rises, the demand for public bus services continuously grows, underscoring the essential role of public buses in easing traffic congestion, reducing carbon emissions, and promoting sustainable development.

According to CIC, as of December 31, 2024, there are approximately 700,000 public buses in operation across China, with an average daily operating time of around 15 hours. The rapid expansion of the public bus network has increased the complexity of management, boosting the demand for digital technologies to enhance operational efficiency and optimize resource allocation. In response, the PRC government has implemented a series of supportive policies to guide the public bus industry toward greater intelligence, efficiency, and sustainability. For example, the 14th Five-Year Plan encourages local governments to build smart cities by providing digital and intelligent public services, facilitating the application of IoT and smart technologies, and improving the operational management service platform. Government support and technological advancements drive the growth of the public bus industry, unlocking substantial opportunities in the public bus information services market.

As an essential component of urban public transportation, China’s public bus system accommodates a substantial number of commuters each year, playing a crucial role in facilitating residents’ daily commute. According to CIC, bus commuters in China took around 39 billion bus rides in 2024. The number of bus rides taken by bus commuters in China is expected to reach around 40 billion in 2029.

INDUSTRY OVERVIEW

Increasing Demand for Public Bus Information Services

With the continued advancement of urbanization, it is expected that the role of the public bus system in supporting public mobility and optimizing urban transportation infrastructure is to become increasingly significant, positioning it as a key driver of social and economic development and a crucial element in improving residents’ life quality. To improve urban development, optimizing the public bus system enhances transportation efficiency, reduces congestion, lowers pollution, and improves the urban environment, therefore boosting residents’ life quality and the city’s appearance and landscape. It also facilitates the rational use of urban resources, enhancing economic vitality and competitiveness. Recognizing these benefits, the PRC government has prioritized the transformation of the public bus system toward intelligence, sustainability, and convenience.

For commuters, the ongoing urbanization and fast pace of modern life have intensified commuting pressures, making daily travel increasingly challenging and creating the demand for real-time information of public bus services. Commuters expect real-time updates on bus locations, arrival times, and route adjustments to plan their journeys efficiently, rather than relying on traditional station displays and on-vehicle screens. These shifts have fueled the growing demand for efficient and user-friendly public bus information services.

For transportation entities, comprehensive analysis of operational data of public bus systems is crucial, because it enables precise identification of bus route bottlenecks, areas with higher commuting demands, and potential service gaps. This data-driven approach allows them to optimize bus route layouts, improving coverage and convenience of their services. Real-time vehicle monitoring also helps transportation entities identify and address issues promptly, ensuring stable service. Additionally, by integrating data across various routes, transportation entities gain deeper insights into traffic patterns and future demands and formulate effective transportation policies. Robust public bus information services are essential for enhancing operational efficiency and guiding the strategic development of urban transportation networks.

Public bus information services leverage digital technologies such as big data, real-time data analytics, and the Internet of Things (“IoT”) to deliver accurate real-time bus information and operational management solutions to commuters and transportation entities. To meet diverse market demands, public bus information service providers developed a range of products tailored to both individual and business needs. The typical offerings by Chinese public bus information service providers and their respective revenue models are summarized below:

- *Offerings to individuals.* Public bus information service providers offer end-users platforms that provide real-time public bus information. They charge users subscription fees for access and use of platforms, or monetize through advertising services leveraging the large user base and high user traffic on user platforms.

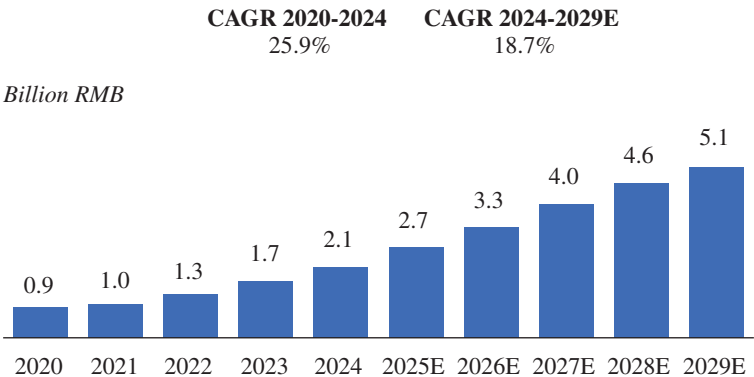
INDUSTRY OVERVIEW

- *Offerings to businesses.* Public bus information services providers deliver smart public bus data services, covering the entire data processing cycle within the public bus sector, from data ingestion to generating actionable insights. Supported by advanced technologies such as big data analytics and AI, these services provide deep data insights and support efficient business decision-making.

China’s Public Bus Information Service Market

With the rapid deployment of IoT devices and the widespread application of big data analytics and AI technologies across the public bus sector, China’s public bus information services market is experiencing robust growth. According to CIC, the size of China’s public bus information services market grew from RMB0.9 billion in 2020 to RMB2.1 billion in 2024, representing a CAGR of 25.9%. Driven by the accelerated development of smart transportation and smart cities, transportation entities, including bus companies and transportation authorities, are increasingly adopting digital solutions to extract value from their bus data. The size of China’s public bus information services market is expected to reach RMB5.1 billion in 2029 at a CAGR of 18.7% between 2024 and 2029.

China’s Public Bus Information Services Market Size in Terms of Revenue (2020-2029E)



Sources: National Bureau of Statistics and other government department websites, Quest Mobile and other third-party organizations, primary interviews with industry experts, relevant service provider websites, and CIC

Pain Points

Commuters and transportation entities face challenges due to the complexity and scale of bus operations.

- *Commuters.* Bus commuters have long been suffering unpredictable wait times, especially during rush hours or due to road congestion. Moreover, the extensive bus route networks and inaccurate bus stop information can make it difficult for commuters to plan their trips. Commuters increasingly demand accurate real-time information to plan their trips in advance and improve their travel experience.

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- *Transportation entities.* Transportation entities encounter significant challenges in planning and scheduling routes, and managing traffic congestion, and ensuring safety and service quality. Efficient real-time monitoring and data-driven solutions are crucial for improving operational effectiveness and providing reliable services.

These challenges have created opportunities for public bus information services, including real-time platform services for commuters and data services for businesses. Such services aim to enhance the commuter experience and at the same time support transportation entities in optimizing operations and improving efficiency.

Entry Barriers

The complexity of public bus information data creates high entry barriers, requiring advanced systems and technologies to process and analyze large-scale data effectively.

- *High-performance data access and storage systems.* Public bus operations generate a vast amount of data daily, encompassing numerous timestamps and measurements. Only service providers equipped with robust data access and storage systems can handle this complexity, accessing data efficiently and cost-effectively to unlock its potential value and maintain a competitive edge.
- *Sophisticated pre-processing technologies.* Public bus data often contains noise and outliers due to sensor errors and equipment malfunctions. To optimize operations and enhance passenger experience, public bus information service providers must deploy advanced preprocessing techniques to effectively detect and correct these errors and inconsistencies.
- *Well-designed data analytics methods.* Public bus data is highly complex, featuring multiple variables and attributes, such as bus IDs, locations, and commuter counts. Tailored analysis methods are required to process this high-dimensional data, enabling accurate predictions and data-driven decision-making.
- *In-depth understanding of temporal patterns.* Public bus information data exhibits complex temporal patterns, such as dependencies on previous data points and recurring patterns within fixed intervals. Machine learning models and other methodologies are required to identify and analyze these patterns, thereby optimizing resource allocation.

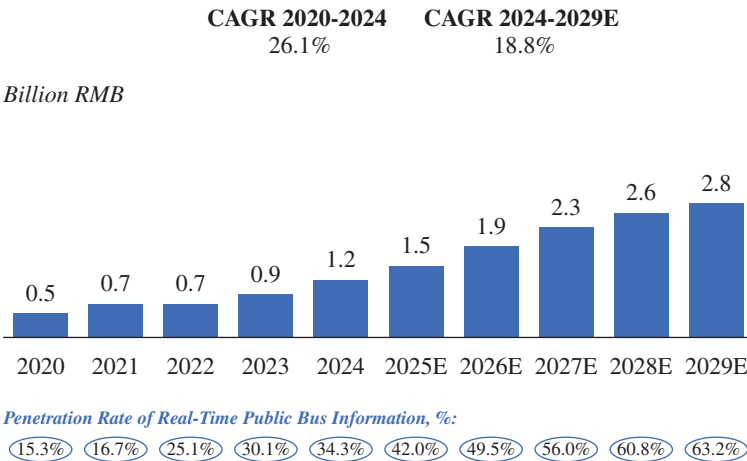
INDUSTRY OVERVIEW

China’s Real-Time Public Bus Information Platform Market

Real-time public bus information platforms are a key component of the public transportation information market, supporting improvements in service reliability, operational efficiency and commuter satisfaction. Public bus information service providers offer real-time public bus information platforms to individual users, addressing increasing demand for real-time and accurate public bus information. Leveraging advanced technologies, these platforms provide precise key information such as bus locations and estimated arrival times. These platforms generate revenue primarily by charging users a subscription fee, or by capitalizing the platform’s large user base and high user traffic volumes.

The rapid development and widespread adoption of mobile internet technology have driven the proliferation of real-time public bus information platforms, leading to sustained market growth. As the platform’s usability, accuracy and service reliability continue to improve, the user base for real-time public bus information services has steadily expanded. The penetration rate of real-time public bus information platforms rose from 15.3% in 2020 to 34.3% in 2024. With ongoing advancements in AI, big data, and IoT technologies, user expectations for higher service quality and operational efficiency will continue to drive technological innovation and upgrades in real-time public bus information platforms. The penetration rate is expected to reach 63.2% in 2029. According to CIC, the size of China’s real-time public bus information platform market grew from RMB0.5 billion in 2020 to RMB1.2 billion in 2024, at a CAGR of 26.1%, and is expected to reach RMB2.8 billion in 2029, at a CAGR of 18.8%.

China’s Real-Time Public Bus Information Platform Market Size in Terms of Revenue (2020- 2029E)



Sources: National Bureau of Statistics and other government department websites, Quest Mobile and other third-party organizations, primary interviews with industry experts, relevant service provider websites, and CIC

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Public Bus Information Platform by Tier of Cities¹ in China

In tier-1 and emerging tier-1 cities, high population density and strong demand for public transportation drove the average daily number of public bus commuters in these cities to reach 35 million in 2024. The relatively younger population in these cities has high digital literacy and a strong preference for efficient and convenient commuting options and relies on real-time public bus information platforms for daily commuting. Additionally, residents in economically developed regions have diverse travel needs, including commuting, shopping, and leisure activities, driving demands for bus services with higher frequencies, wider coverage, and higher intelligence. As a result, the penetration rate of real-time public bus information platforms in tier-1 and emerging tier-1 cities is approximately 65% in 2024 and is expected to reach around 80% in 2029.

The continuous advancement in urbanization leads to an increase in the number of tier-2 and lower-tier cities in China and resident populations. According to CIC, the population in tier-2 and lower-tier cities accounts for approximately 80% of the total proportion in 2024. Growing commuting demands and increasing mobile internet penetration suggest significant potential for real-time public bus information platforms in tier-2 and lower-tier cities. However, compared to tier-1 and emerging tier-1 cities, tier-2 and lower-tier cities face constraints such as relatively lower levels of economic development, insufficient information infrastructure, and limited awareness of new technological applications. As a result, the penetration rate of real-time public bus information platforms in these cities was less than 20% in 2024. As China’s national smart city development strategy advances and residents’ acceptance of digital services improves, the penetration rate of real-time public bus information platforms in tier-2 and lower-tier cities is expected to reach approximately 50% in 2029, according to CIC.

Key Drivers and Future Trends

Key drivers and future trends for China’s public bus information services market include:

- *Rise in data volume and increasing demand.* Sensors and monitoring devices deployed on each bus collect plentiful time series data every day. Along with the steady rise in the number of public buses in China, the volume of time series data in the public bus sector will increase correspondingly. According to CIC, the volume of time series data generated from sensors of buses in operation in China has increased from around 700 terabytes in 2020 to over 1,000 terabytes in 2024 and is expected to reach around 1,500 terabytes in 2029. The growing number of time series data generated from buses has brought challenges in data processing and

¹ The tier-1 and emerging tier-1 cities including any or all of the cities including Beijing, Shanghai, Guangzhou, Shenzhen, Zhengzhou, Chongqing, Changsha, Xi’an, Wuhan, Wuxi, Tianjin, Suzhou, Qingdao, Ningbo, Nanjing, Hefei, Hangzhou, Dongguan, and Chengdu; tier-2 and lower-tier cities including any or all of the other cities and towns in China other than tier-1 and emerging tier-1 cities, according to a 2024 ranking published by Yicai (第一财经), a prominent finance media company in China.

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management for transportation entities. Such entities are looking for professional time series data services for real-time intelligent decision-making and predictive maintenance, which will create opportunities for China’s public bus information services market.

- *Increase in penetration rate of real-time public bus information platforms.* Currently, the overall penetration rate of real-time public bus information platforms in China remains relatively low. According to CIC, the penetration rate of these platforms in China is only 34.3% in 2024. With the increasing penetration of mobile internet, continued government investment in smart city development, and growing acceptance of digital technologies among urban residents, the penetration rate of real-time public bus information platforms is expected to reach 63.2% in 2029. Notably, there is vast potential for the adoption of real-time public bus information platforms among commuters in second-tier and lower-tier cities.
- *Technology advancements.* Leveraging their strong data analytics capabilities and advanced AI algorithms, public bus information service providers can deliver real-time insights and seamless travel experiences to bus commuters and empower informed choices and optimized transport management for transportation entities. Advancements in big data analytics and AI technologies, as well as adoption of other cutting-edge technologies, in the public bus sector will further enable service providers to enhance precision of user profiling, which in turn improves the targeting of mobile advertising, boosting platform’s monetization potential.
- *Smart city development.* In recent years, there has been an increased emphasis on interconnectivity and data-driven management, along with the smart transportation and smart city development. Smart city development entails the deployment of a vast array of IoT devices that generate large volumes of real-time data, driving the demand for sophisticated data services in the public bus sector. Moreover, the government plans to improve the digital infrastructure in smart cities, including promoting the connectivity among public service platforms, devices and terminals, and building data sharing facilities. These initiatives will make data more accessible and easier to collect, creating potential for public bus information service providers to deliver advanced services cost-effectively.
- *Increasing demand for mobile advertising.* Advancements in internet technology and deeper penetration of mobile devices significantly expanded the scale of mobile traffic, driving increasing demands for mobile advertising services. Meanwhile, China’s public bus information service providers have cultivated a large user base and substantial traffic resources with real-time bus services, positioning themselves as ideal platforms for advertisers to reach their target audience effectively.

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Competitive Landscape

China’s public bus information service market is highly concentrated, with a few major players with nationwide operations and coverage capabilities dominating the market share. Leveraging their strong technology innovation ability, massive datasets and valuable industry insights, these leading players are expected to continue to enrich their offerings and expand into new application scenarios to capture more opportunities in the evolving market and meet varying customer demands. According to CIC, the aggregate market share of the top five public bus information service providers is approximately 55% in 2024. Our Group was the third-largest public bus information service provider in China in terms of revenue in 2024. The following table sets forth the competitive landscape of China’s top five public bus information service providers in 2024.

Top Five China’s Public Bus Information Services in Terms of Revenue in 2024

Ranking	Company	Background	Revenue from public bus information services in 2024 ⁽¹⁾ <i>(RMB in millions)</i>	Market share
1	Company A	A subsidiary of a leading multinational technology company based in China and listed on the Stock Exchange and NYSE, providing digital map, navigation and local lifestyle services in China	437.8	20.4%
2	Company B	A subsidiary of a leading AI company based in China and listed on the Stock Exchange and NASDAQ, providing digital map, navigation and travel-related services	267.2	12.4%
3	Our Group	A mobile app operator that applies advanced big data analytics to deliver real-time, accurate bus arrival information	206.1	9.6%
4	Company C	A subsidiary of a leading multinational technology company based in China and listed on the Stock Exchange and NYSE, providing comprehensive cloud services	178.8	8.3%

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Ranking	Company	Background	Revenue from public bus information services in 2024 ⁽¹⁾ (RMB in millions)	Market share
5	Company D	A subsidiary of a Hong Kong Stock Exchange-listed company, providing digital map, navigation, and location-based services	105.8	4.9%

Note:

(1) Revenue from public bus information services include revenue from offerings to both businesses and individual users.

Source: CIC

According to CIC, bus riders took approximately 39 billion bus rides in China in 2024. Their demand for products and services that improve their travel experience has created substantial market opportunities. Accordingly, public bus information services providers in China have developed mobile platforms to deliver real-time bus information and other travel-related services for bus commuters. In the real-time bus information sector, our Group was the third largest real-time bus information platform in China in terms of average MAU for real-time bus information services in 2024, with an average of approximately 29.1 million MAUs for the year.

Top Five China’s Real-Time Public Bus Information Platforms in Terms of Revenue of Real-Time Bus Information Services in 2024

Ranking	Company	Description	Revenue from real-time bus information services in 2024 ⁽¹⁾ (RMB in millions)	Average MAUs of real-time bus information services in 2024 (in millions)
1	Platform A	An online platform designed to provide navigation, map and local lifestyle services, which is developed by Company A	363.3	~67.0
2	Platform B	An online platform designed to provide navigation, map and local lifestyle services, which is developed by Company B	211.8	~40.0

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Ranking	Company	Description	Revenue from real-time bus information services in 2024 ⁽¹⁾ <i>(RMB in millions)</i>	Average MAUs of real-time bus information services in 2024 <i>(in millions)</i>
3	Our Group	An online platform designed to provide commuters with real-time bus information and route planning services, which is designed by our Group	202.0	29.1
4	Platform D	An online platform designed to provide navigation, map and local lifestyle services, which is developed by Company D	95.8	~12.0
5	Platform E	An online platform designed to provide real-time bus information, route planning, navigation and map services, which is developed by Company E. Established in 2009 and headquartered in Xiamen, China, Company E offers a mobile app for real-time bus tracking and route planning in China	52.0	~2.0

Note:

- (1) Revenue from real-time bus information services includes revenue from offerings to individual users, primarily consisting of advertising revenue and subscription fees from relevant commuters.

Source: CIC

Key Success Factors for China’s Public Bus Information Services Market

As the demand for public bus information services continues to grow and competition intensifies, public bus information services providers aiming for industry leadership must demonstrate robust capabilities in processing large-scale time series data, adopt cutting-edge technologies and implement forward-thinking management practices to continuously optimize service quality. Key success factors in the public bus information service industry include:

- *Strong time series data processing and analysis capabilities.* Efficient processing and precise analysis of time series data are core competencies for public bus information service providers. Providers must establish extensive data collection channels to ensure fast and comprehensive data gathering, implement high-performance data access systems for rapid data input and storage, and adopt effective data preprocessing mechanisms and data labeling tools to generate

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high-quality datasets for predictive analysis and model training. By applying data analysis algorithms and artificial intelligence models, public bus information service providers can identify patterns within time series datasets, make accurate predictions and provide valuable and reliable information to bus commuters. These capabilities not only ensure data accuracy, but also enhance the service effectiveness by uncovering deeper patterns and trends within the data.

- *Value creation for customers.* Delivering tangible value to customers is crucial for long-term success. Foremost, public bus information service providers must understand the unique characteristics of public transportation systems, commuter needs, and industry challenges across different cities and regions. With these insights, public bus information service providers are able to accurately identify commuters’ pain points and develop tailored solutions to enhance their travel experience. By establishing long-term relationships with commuters by continuously refining services, bus information service providers foster greater loyalty and trust among their user base. This customer-centric approach not only satisfies but exceeds commuters expectations, positioning providers as essential partners in improving urban mobility.
- *National operations and cross-regional integration capabilities.* Given China’s vast geographic and demographic diversity, public bus systems vary greatly across regions in terms of infrastructure, transportation models and management standards. To address these challenges, public bus information service providers must possess robust cross-regional data integration capabilities, including unifying data formats, ensuring data accuracy, and achieving nationwide operational coordination. Providers need to implement unified platforms and systems to break down regional barriers, enable seamless data sharing, and deliver consistent and efficient services for bus commuters across the country.
- *Technological advancement and continuous innovation.* Technical prowess and innovation capabilities are fundamental in the dynamic public bus information service sector. To stay competitive, public bus information service providers must embrace cutting-edge technologies and continuously innovate products and services, ensuring adaptability to evolving user demands and technological trends. The relentless pursuit of technological innovation and product upgrades is key for public bus information service providers to maintain a leading position in the fiercely competitive market and achieve sustainable business growth.
- *Building an excellent talent pool.* In the public bus information service market, talents, as the driving force behind technological advancement and data resource exploration, are essential resources for all public bus information service providers. A team with robust technical capabilities and diverse backgrounds can better adapt to industry demands and excel in research, data analytics and model design. Such a team can also continuously provide competitive customer support and services, fostering the continuous business growth.

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OVERVIEW OF CHINA’S MOBILE ADVERTISING SERVICE MARKET

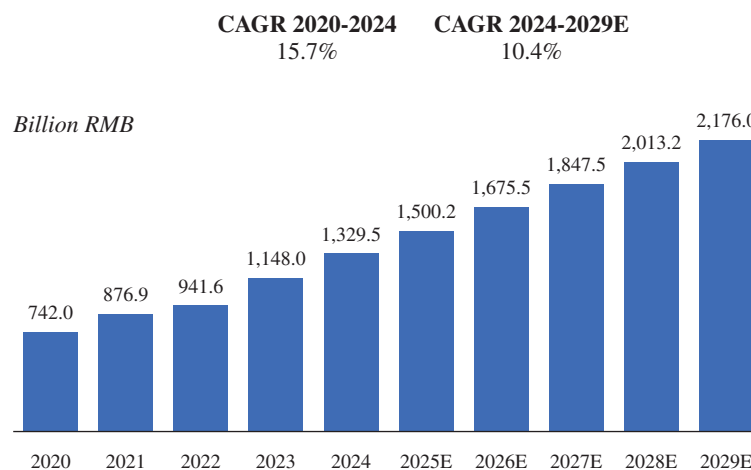
Overview

While traditional printing and broadcasting advertising channels are in decline, China’s online advertising service market has experienced significant growth in recent years, largely due to increased internet penetration and technological advancements. According to CIC, the size of China’s online advertising market grew from RMB851.1 billion in 2020 to RMB1,487.6 billion in 2024, representing a CAGR of 15.0% between 2020 and 2024.

Mobile advertising services refer to the delivery of advertisements through mobile devices, such as smartphones, tablets, and wearable devices. These advertisements are displayed when users access mobile apps or web pages via wireless communication technologies, allowing advertisers to enhance brand recognition and visibility through advertisements on mobile platforms. With the rapid development of technology, mobile devices, such as mobile phones, have become an indispensable part of daily life. Evolving from a sole communication tool to multifunctional devices that integrate communication, entertainment, learning and work, mobile phones cultivated a rapidly expanding user base, with significantly higher usage frequency and duration. As of December 2024, the number of mobile phone users in China reached 1.1 billion, with 99.9% of internet users accessing the internet services through mobile phones, creating an expansive audience for the mobile internet advertising. As a result, advertisers’ demand for mobile advertising has surged, driving the size of China’s mobile advertising service market to expand. In 2024, the mobile advertising service segment comprised over 89% of China’s online advertising market.

According to CIC, the size of mobile advertising service market in terms of revenue has increased from RMB742.0 billion in 2020 to RMB1,329.5 billion in 2024, representing a CAGR of 15.7% between 2020 and 2024, and is expected to reach RMB2,176.0 billion in 2029, representing a CAGR of 10.4% between 2024 and 2029.

China’s Mobile Advertising Market Size, in Terms of Revenue, 2020-2029E



Sources: Annual reports of relevant service providers, Quest Mobile and other third-party organizations, primary interviews with industry experts, and CIC

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China’s mobile advertising industry operates through a value chain involving key stakeholders such as advertisers, content creators, mobile advertising service providers, and developers and operators. Positioned upstream, advertisers initiate marketing campaigns by collaborating with advertising service providers and professional content creators to produce high-quality advertisements. These advertisements are distributed through mobile media platforms and presented to users in formats like splash advertisements, banners, and in-feed advertisements. Developers and operators, located midstream, serve as key enablers of the industry, leveraging their vast traffic resources to deliver and display advertisements effectively. Mobile advertising in turn has emerged as a key monetization strategy for these developers and operators.

Pricing Mechanism of Mobile Advertising Service

China’s mobile advertising industry mainly employs four pricing models: CPM (cost per thousand impressions), CPC (cost per click), CPA (cost per action), and CPT (cost per time). Among these, CPM is the most widely used model, with pricing based on advertising exposure. Most advertisements are priced through automated and real-time bidding mechanisms by programmatic advertising, which awards advertising placements targeting specific demographics or time slots to the highest bidder.

Programmatic Advertising

The rapid growth of the mobile internet has changed the supply and demand structure of the advertising industry and accelerated the adoption of automated advertising transaction models. To meet growing expectations from advertisers for greater targeting accuracy and operational efficiency, and from publishers for scalable monetization, programmatic advertising has gained prominence as the primary method of buying and selling mobile advertising inventory, accounting for over 90% of mobile advertising spend in 2024.

Programmatic advertising is an automated system that manages the buying, selling and placement of digital advertisements. Unlike traditional advertising methods that involve manual negotiations and purchases, programmatic advertising features real-time bidding and algorithm-driven decision-making to enable advertisers to access inventory at scale and in real time and at the same time allow media publishers to maximize yield through real-time pricing and demand aggregation.

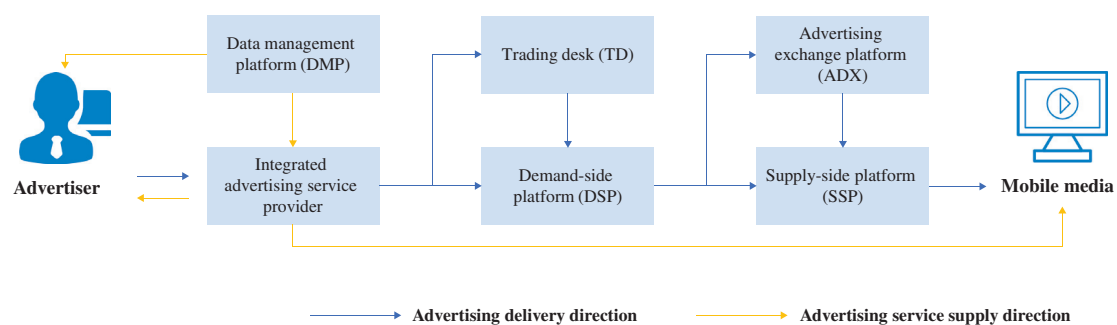
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Traditional Advertising vs. Programmatic Advertising

	Traditional Ads	Programmatic Ads
Main differences 	Manual negotiations & trading	Automated real-time bidding
Analytics 	Scattered data tracked and collected by marketer into an analytical report	Transparent real-time reporting to make informed changes during the campaign
Optimization 	Analysis and optimization after the campaign is over	Optimization in real-time
Efficiency 	Slow and leaves room for human error	Automated with reduced costs and increased return on investment

The programmatic advertising ecosystem comprises three core components: Sell-Side Platform (SSP), Demand-Side Platform (DSP), and advertising exchange platform (ad exchange). Each of these components plays a distinct role in automating the buying and selling of digital advertising inventory in the mobile advertising marketplace. DSPs serve advertisers and agencies by providing access to multiple sources of inventory to manage campaigns, apply targeting parameters and optimize bidding strategies in real time. SSPs serve media publishers by managing their advertising inventory, optimizing yield and connecting them with demand from multiple DSPs. Ad exchanges function as marketplaces where DSPs and SSPs transact through real-time auctions to facilitate efficient inventory discovery and price discovery at scale.

China's Programmatic Advertising Industry Value Chain



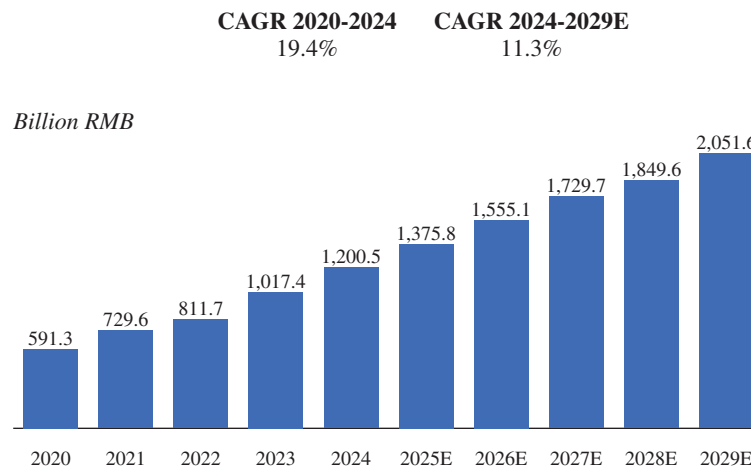
Programmatic platforms replace traditional manual media buying with algorithm-driven, real-time bidding. When a user accesses an interface of a mobile media publisher, an ad request is generated to fill an available advertising slot, which carries user attributes such as location, demographics and interests, along with contextual information such as the type of media content being accessed. The programmatic advertising platforms assess the value of the impression by comparing these factors against advertisers' targeting parameters and applying real-time algorithms that predict engagement potential and contextual alignment. In the

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meantime, these platforms incorporate user behavior data, content characteristics and advertiser-defined objectives to support large-scale, targeted advertisement delivery. In each auction, advertisers submit bids that reflect the maximum price they are willing to pay for specific user actions or impressions. The platform evaluates each bid based not only on price but also on criteria such as relevance, predicted engagement, compliance with advertising policies and the overall impact on user experience, among others. The winning bid, typically the highest that satisfies these conditions, is automatically assigned to the available advertising slot. Such automated and criteria-based mechanism improves inventory efficiency for publishers and also enables advertisers to reach target audiences more effectively. It supports stronger campaign performance, improved return on investment and higher user engagement across mobile platforms.

According to CIC, the size of mobile programmatic advertising service market in terms of revenue has increased from RMB591.3 billion in 2020 to RMB1,200.5 billion in 2024, representing a CAGR of 19.4% between 2020 and 2024, and is expected to reach RMB2,051.6 billion in 2029, representing a CAGR of 11.3% between 2024 and 2029.

China’s Mobile Programmatic Advertising Market Size, in Terms of Revenue, 2020-2029E



Source: Annual reports of relevant service providers, primary interviews with industry experts, and CIC

Key Drivers

The growth of China’s mobile advertising service market is driven by several key factors.

- *Expanding mobile internet population.* Driven by advancement in internet technologies and growing penetration of mobile devices, the number of mobile internet users in China has significantly increased during the recent years. According to CIC, as of December, 2024, China’s average monthly number of distinct mobile devices amounted to over 1.4 billion, with an average daily usage

INDUSTRY OVERVIEW

time of 272.4 minutes per device. This large base of active mobile users boosts engagement on APPs and creates extensive exposure and interaction opportunities for advertisers, bolstering the mobile advertising service industry.

- *Advancements in mobile internet technology.* The adoption of cutting-edge technologies, such as 5G, AI and big data analytics, has transformed the mobile advertising service industry. These innovations enhance the efficiency of advertisement production and delivery, reduce operational costs, enhance user experience and improve advertisement effectiveness, thereby driving the growth in demand for mobile advertising services.
- *Enhanced channel value of mobile media platforms.* With the decline of traditional media, users have increasingly turned to mobile media platforms. These platforms, mastering extensive traffic and advanced user profiling capabilities, enable targeted advertising.
- *Continuous industry innovation.* Mobile advertising service industry participants are actively investing in R&D to improve advertising effectiveness. By integrating resources such as advertisement inventory, traffic, media and marketing tools, they deliver higher-value and one-stop advertising solutions. In addition, innovations in advertising formats, such as short videos and live streaming, further boost user engagement, driving superior advertising performance and sustaining industry growth.
- *Continuously rising penetration rate of programmatic advertising in China.* As advertising technology matures and data infrastructure improves, programmatic advertising has become increasingly prominent in China’s mobile internet advertising market. By leveraging advanced algorithms, data analytics, and diverse traffic sources, programmatic platforms enable more precise and efficient ad targeting, leading to higher ROI and stronger user engagement. This effectiveness has prompted advertisers to allocate more budgets to programmatic channels, accelerating the market’s shift toward greater intelligence and precision.

Competitive Landscape

China’s mobile advertising service market is highly competitive, with over 10,000 participants as of December 31, 2024. However, a few leading media publishers, such as search engine companies, social media platforms and e-commerce giants, dominate the landscape. In 2024, the top five players accounted for approximately 80% of the market share by revenue, and the market share of the Group was 0.02%.

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SOURCE OF INFORMATION

CIC was commissioned to conduct research, provide an analysis of, and generate a report on China’s public bus information service industry at a fee of approximately RMB900,000. The commissioned report has been prepared by CIC, independent of the influence of the Company and other interested parties. CIC’s services include, among others, industry consulting, commercial due diligence and strategic consulting. Its consultant team has tracked the latest market trends across various industries, where it has relevant and insightful market intelligence.

CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics of China, Chinese government releases, annual reports published by relevant industry participants and industry associations and CIC’s internal databases. The market projections in the commissioned report are based on the following key assumptions: (i) the overall global social, economic, and political environment is expected to remain stable over the next decade; (ii) related key industry drivers are likely to continue driving growth in China’s public bus information service industry during the forecast period; and (iii) there is no extreme force majeure or unforeseen set of industry regulations in which the market may be affected either dramatically or fundamentally.

Unless otherwise specified, all data and forecasts contained in this section are derived from the CIC Report. The report has also incorporated actual and potential impact of the COVID-19 outbreak on our industry. The Directors have confirmed that there has been no occurrence of adverse change in the overall market information that would subject the data to significant restrictions, contradiction or negative effects since the date of the consultancy report.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We focus on harnessing the power of time series data — data points in chronological order — to detect and predict trends, patterns, and fluctuations over time.

The history of our Group can be traced back to 2010 when Dr. Shao founded Wuhan Yuanguang, the major operating company of our Group. Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on May 21, 2015 as the ultimate holding company of our Group.

KEY MILESTONES

The following table summarizes the key milestones in our operational history.

Year	Milestone
2010	Establishment of Wuhan Yuanguang, our major operating entity in the PRC
2013	The launch of Chelaile mobile app
2015	The registered users for Chelaile mobile app surpassed 10 million
	The launch of our public transit analytics platform
2018	The registered users for Chelaile mobile app surpassed 100 million
	The public transit analytics platform developed by Wuhan Yuanguang was recognized as a national pilot demonstration project for big data industry by the MIIT
2021	Beijing Yuanguang was listed as the 2021 Specialized and New Small and Medium-Sized Enterprises of Beijing (北京市2021專精特新中小企業)
2022	Our public transit analytics platform was selected as an exemplary case by China Association of Communication Enterprise Management (中國交通企業管理協會)
	Wuhan Yuanguang was listed as the 2022 Specialized and New Small and Medium-Sized Enterprises of Hubei Province (湖北省2022專精特新小巨人企業)

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Year	Milestone
	The coverage of Chelaile mobile app exceeded 400 cities in China
2023	The blind barrier-free services in Chelaile app were comprehensively promoted, as an important step of our ESG practice

OUR MAJOR SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

The principal business activities, date of establishment or incorporation of each member of our Group that made a material contribution to our results of operation during the Track Record Period or of strategic significance to our Group are shown below:

Name of company	Place of establishment/ incorporation	Principal business activities	Date of establishment/ incorporation
Wuhan Yuanguang	PRC	Development and technical services of internet applications	February 4, 2010
Wuhan WFOE	PRC	Technological research and development	January 8, 2024

MAJOR CORPORATE DEVELOPMENTS OF OUR GROUP

Our Company

On May 21, 2015, our Company was incorporated in the Cayman Islands as an exempted company with limited liability and has an authorized share capital of US\$50,000 divided into 500,000,000 shares with a par value of US\$0.0001 each. Upon incorporation, one share, representing the then issued share capital of our Company, was issued and then transferred to WeBus Ltd., the offshore holding vehicle owned by Dr. Shao, Mr. Chen and Mr. Xiao as to 58.63%, 27.59% and 13.78%, respectively at nominal value. On the same date, the Company allotted and issued 9,999 shares to WeBus Ltd.. Upon completion, the Company was wholly owned by WeBus Ltd.

For subsequent shareholding changes of our Company as part of the Pre-[REDACTED] Investments and the Reorganization, see “— Pre-[REDACTED] Investments” and “— Reorganization.”

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Wuhan Yuanguang

Wuhan Yuanguang was established in the PRC on February 4, 2010 with an initial registered capital of RMB500,000. Upon establishment, Dr. Shao, Ms. Zhao Huaying and Mr. Shao Baijin held 80%, 10% and 10% of the then registered capital of Wuhan Yuanguang, respectively. As the founder of Wuhan Yuanguang, Dr. Shao had years of academic and practical experience in computer science. Ms. Zhao Huaying and Mr. Shao Baijin, being parents of Dr. Shao, had divested their investment subsequently pursuant to the equity transfer agreements dated June 18, 2013.

The Company and Wuhan Yuanguang underwent several rounds of capital increases and equity transfers to raise funds for the development of the Group’s business. The major shareholding changes are set out below.

Early Financings at the level of Wuhan Yuanguang

From March 2013 to May 2015, we underwent the Series Seed Financing, Series A Financing and Series A1 Financing at the level of Wuhan Yuanguang. See “—Pre-[REDACTED] Investments” for further details.

Following completion of the Series A1 Financing, the shareholding structure of Wuhan Yuanguang was as follows:

No.	Name of Shareholder	Registered Capital	Equity Interest
		(RMB)	(%)
1.	Dr. Shao	505,452	35.43
2.	Mr. Chen ⁽¹⁾	160,000	11.21
3.	Mr. Xiao ⁽¹⁾	80,000	5.61
4.	Eastern Pegasus ⁽²⁾	32,000	2.24
5.	Beijing Shunwei ⁽³⁾	170,800	11.97
6.	Zhenge Tianchuang ⁽⁴⁾	53,400	3.74
7.	Optics Valley Startup ⁽⁵⁾	42,800	3.00
8.	Alibaba China ⁽⁶⁾	304,065	21.31
9.	Shanghai Pegasus ⁽⁷⁾	78,304	5.49
	Total	1,426,821	100.00

Notes:

- (1) Mr. Chen subscribed an aggregate of RMB160,000 registered capital of Wuhan Yuanguang at a consideration of RMB160,000, and Mr. Xiao subscribed an aggregate of RMB80,000 registered capital of Wuhan Yuanguang at a consideration of RMB80,000. The consideration was settled on July 1, 2013. During the early development stage of Wuhan Yuanguang, each of Mr. Chen and Mr. Xiao was an key employee, responsible for the software development and engineering and system and software development, respectively.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (2) Shanghai Eastern Pegasus Enterprise Service Co., Ltd. (上海東方飛馬企業服務有限公司) (“**Eastern Pegasus**”), a limited liability company established in the PRC on February 23, 2012, which is principally engaged in the provision of counseling services to startups in innovative sectors. In consideration for the services provided by Eastern Pegasus, an aggregate of RMB32,000 registered capital of Wuhan Yuanguang was subscribed by Eastern Pegasus at RMB32,000.
- (3) Beijing Shunwei Startup Investment (北京順為創業投資有限公司), a limited liability company established in the PRC on May 17, 2011.
- (4) Beijing Zhenge Tianchuang Equity Investment Center (Limited Partnership) (北京真格天創股權投資中心(有限合夥)), a limited partnership established in the PRC on July 19, 2012, and a former investor of the Group which had divested its investment.
- (5) Wuhan Optics Valley Startup Coffee Co., Ltd. (武漢光谷咖啡創投有限公司), a limited liability company established in the PRC on January 17, 2013, and a former investor of the Group which had divested its investment.
- (6) Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司), a limited liability company established in the PRC on September 9, 1999.
- (7) Shanghai Pegasus Travel Equity Investment Center (Limited Partnership) (上海飛馬旅股權投資中心(有限合夥)), a limited partnership established in the PRC on May 6, 2014.

Series B Financing in 2015

From September 2015 to October 2015, we underwent the Series B Financing. See “— Pre-[REDACTED] Investments” for further details.

Along with the share issuance pursuant to the Series B Financing, to mirror the shareholding structure of Wuhan Yuanguang to the level of the Company, offshore affiliates of the then shareholders of Wuhan Yuanguang were also issued such number of Shares at par value. Following such issuance, the shareholding structure of the Company was as follows:

No.	Name of Shareholder	Class of Shares	Number	Shareholding (%)
1.	WeBus Ltd.	Ordinary Shares	33,334,534	38.02
2.	YANG Zhenyu	Series Seed A Preferred Shares	1,838,973	2.10
3.	Power Sailor Limited (“ Power Sailor ”) ⁽¹⁾	Series Seed B Preferred Shares	12,275,143	14.00
4.	Cherish Stars Ventures Limited (“ Cherish Stars Ventures ”) ⁽²⁾	Series Seed C Preferred Shares	3,068,786	3.50
5.	Alibaba Investment Limited (“ Alibaba Investment ”)	Series A Preferred Shares	12,007,572	13.70
6.	YANG Zhenyu	Series A Preferred Shares	4,499,966	5.13
7.	Alibaba Investment	Series A-1 Preferred Shares	5,466,404	6.23

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

No.	Name of Shareholder	Class of Shares	Number	Shareholding (%)
8.	Alibaba Investment	Series B Preferred Shares	3,796,130	4.33
9.	China Broadband Capital Partners III, L.P. (“CBC”)	Series B Preferred Shares	11,388,389	12.99
	Total		87,675,897	100.00

Notes:

- (1) Power Sailor is a company incorporated in the British Virgin Islands, an offshore affiliate of Beijing Shunwei and a former investor of the Group which divested its investment in 2024. See “— Series C Financing and Share Transfer in 2024” under this subsection for details.
- (2) Cherish Stars Ventures is a company incorporated in the British Virgin Islands, an offshore affiliate of Zhenge Tianchuang and a former investor of the Group which had divested its investment.

Series B1 Financing in 2016 and 2017

From December 2015 to June 2019, we underwent the Series B1 Financing, whereby the Series B1 Investors invested in the Company by way of (i) subscription of new Shares; (ii) subscription of registered share capital of Wuhan Yuanguang; or (iii) acquisition of Shares transferred from the then existing Shareholders. See “— Pre-[REDACTED] Investments” for details.

Immediately following the closing of the Series B1 Financing, the shareholding structure of Company was as follows:

No.	Name of Shareholder	Class of Shares	Number	Shareholding %
1.	WeBus Ltd.	Ordinary Shares	28,602,714	26.18
2.	HongHe Venture Fund I, L.P. (“ HongHe Venture Fund ”)	Ordinary Shares	3,571,346	3.27
3.	Cheering Venture Global Limited (“ Cheering Venture ”)	Ordinary Shares	1,913,250	1.75
4.	JH Honghe Investment Group Limited (“ JH Honghe ”)*	Ordinary Shares	624,986	0.57
5.	Yirong Capital (Hong Kong) Limited (“ Yirong Capital ”)*	Ordinary Shares	267,851	0.25

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No.	Name of Shareholder	Class of Shares	Number	Shareholding %
6.	YANG Zhenyu	Series Seed A Preferred Shares	265,644	0.24
7.	Power Sailor	Series Seed B Preferred Shares	2,152,352	1.97
8.	Alibaba Investment	Series A Preferred Shares	12,007,572	10.99
9.	YANG Zhenyu	Series A Preferred Shares	797,084	0.73
10.	Alibaba Investment	Series A-1 Preferred Shares	5,466,404	5.00
11.	Alibaba Investment	Series B Preferred Shares	3,796,130	3.48
12.	CBC	Series B Preferred Shares	11,388,389	10.43
13.	Cheering Venture	Series B1-1 Preferred Shares	10,901,482	9.98
14.	CBC	Series B1-2 Preferred Shares	2,217,811	2.03
15.	Cheering Venture	Series B1-3 Preferred Shares	3,702,882	3.39
16.	HongHe Venture Fund	Series B1-4 Preferred Shares	9,448,145	8.65
17.	Cheering Venture	Series B1-4 Preferred Shares	8,889,384	8.14
18.	JH Honghe	Series B1-4 Preferred Shares	1,653,425	1.51
19.	Yirong Capital	Series B1-4 Preferred Shares	708,611	0.65
20.	Ondine Tech Fund 1 L.P. (“Ondine”)	Series B1-5 Preferred Shares	863,886	0.79
Total			109,239,348	100.00

Note:

* JH Honghe is a limited liability company incorporated in the British Virgin Islands, an affiliate of HongHe Venture Fund.

Yirong Capital is a limited liability company incorporated in Hong Kong, an affiliate of HongHe Venture Fund.

Each of JH Honghe and Yirong Capital subsequently divested their investments from the Group.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Series C Financing and Share Transfer in 2024

In May 2024, we completed the Series C Financing in which Silver Snake and Duan Sirui invested in the Company by subscription of new Shares and transfer of Shares from existing Shareholders.

Power Sailor entered into a share transfer agreement with Garaitz Capital Pte. Ltd. (“**Garaitz Capital**”) on April 29, 2024, pursuant to which Power Sailor transferred 2,152,352 Series Seed B Preferred Shares to Garaitz Capital at a consideration of US\$1,721,881.6.

For details, please refer to “— Pre-[REDACTED] Investments.”

Following the completion of Series C Financing, the shareholding restructuring as detailed in the section “— Reorganization”, and the Share transfer, the shareholding structure of Company was as follows:

No.	Name of Shareholder	Class of Shares	Number	Shareholding %
1.	Bus Dream Ltd.	Ordinary Shares	5,769,771	4.46
2.	Bus Cherish Ltd.	Ordinary Shares	6,691,454	5.17
3.	Bus Hope Ltd.	Ordinary Shares	8,891,489	6.87
4.	Meta Hope Ltd. ⁽¹⁾	Ordinary Shares	11,276,612	8.71
5.	WeBus Light Ltd. ⁽²⁾	Ordinary Shares	13,129,743	10.15
6.	WeBus Data Ltd.	Ordinary Shares	2,384,633	1.84
7.	Summer Sea Investment Limited	Ordinary Shares	4,745,000	3.67
8.	Meta Shine Ltd. ⁽³⁾	Ordinary Shares	5,600,000	4.33
9.	HongHe Venture Fund	Ordinary Shares	3,571,346	2.76
10.	Cheering Venture	Ordinary Shares	1,913,250	1.48
11.	YANG Zhenyu	Series Seed A Preferred Shares	265,644	0.21
12.	Garaitz Capital	Series Seed B Preferred Shares	2,152,352	1.66
13.	Alibaba Investment ⁽⁴⁾	Series A Preferred Shares	4,269,814	3.30
14.	YANG Zhenyu	Series A Preferred Shares	797,084	0.62
15.	Alibaba Investment	Series A-1 Preferred Shares	5,466,404	4.22
16.	Alibaba Investment	Series B Preferred Shares	3,796,130	2.93
17.	CBC	Series B Preferred Shares	11,388,389	8.80
18.	Cheering Venture	Series B1-1 Preferred Shares	10,901,482	8.42
19.	CBC	Series B1-2 Preferred Shares	2,217,811	1.71

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No.	Name of Shareholder	Class of Shares	Number	Shareholding %
20.	Cheering Venture	Series B1-3 Preferred Shares	3,702,882	2.86
21.	HongHe Venture Fund	Series B1-4 Preferred Shares	9,448,145	7.30
22.	Cheering Venture ⁽⁴⁾	Series B1-4 Preferred Shares	6,922,343	5.35
23.	Silver Snake	Series B1-4 Preferred Shares	952,509	0.74
24.	Duan Sirui	Series B1-4 Preferred Shares	700,916	0.54
25.	Ondine	Series B1-5 Preferred Shares	863,886	0.67
26.	Silver Snake	Series C Preferred Shares	922,566	0.71
27.	Duan Sirui	Series C Preferred Shares	678,882	0.52
Total			129,420,537	100.00

Notes:

- (1) Meta Hope Ltd. is wholly-owned by Dr. Sun. Relevant Shares were issued by the Company following Dr. Sun's exercise of options he held, including: (i) 3,276,612 options issued to him pursuant to the 2015 Share Incentive Plan; and (ii) 8,000,000 options under the 2023 Share Incentive Plan.
- (2) Pursuant to the Shareholders' resolution dated March 29, 2024, a total number of 6,800,000 RSUs representing 6,800,000 Shares were issued to WeBus Light Ltd. under the 2023 Share Incentive Plan and vested on the same day.
- (3) Meta Shine Ltd. is a limited liability company incorporated in the British Virgin Islands and is indirectly controlled by Ms. She Yali through trust. Pursuant to the Shareholders' resolution dated March 29, 2024, a total number of 5,600,000 RSUs representing 5,600,000 Shares were issued to Meta Shine Ltd under the 2023 Share Incentive Plan and vested on the same day.
- (4) Alibaba Investment and Cheering Venture each entered into a share repurchase agreement with the Company on December 4, 2023 and December 27, 2023, respectively.

Pursuant to the respective agreement, the Company repurchased 7,737,758 Series A Preferred Shares from Alibaba Investment at a total consideration of RMB15 million, and 1,967,041 Series B1-4 Preferred Shares from Cheering Venture at a total consideration of US\$1.67 million. The repurchase was completed on December 27, 2023 and February 2, 2024, respectively. According to the Shareholders' resolutions of the Company in December 2023, these Shares repurchased by the Company were reserved for future issuance under the Company's Share Incentive Plans.

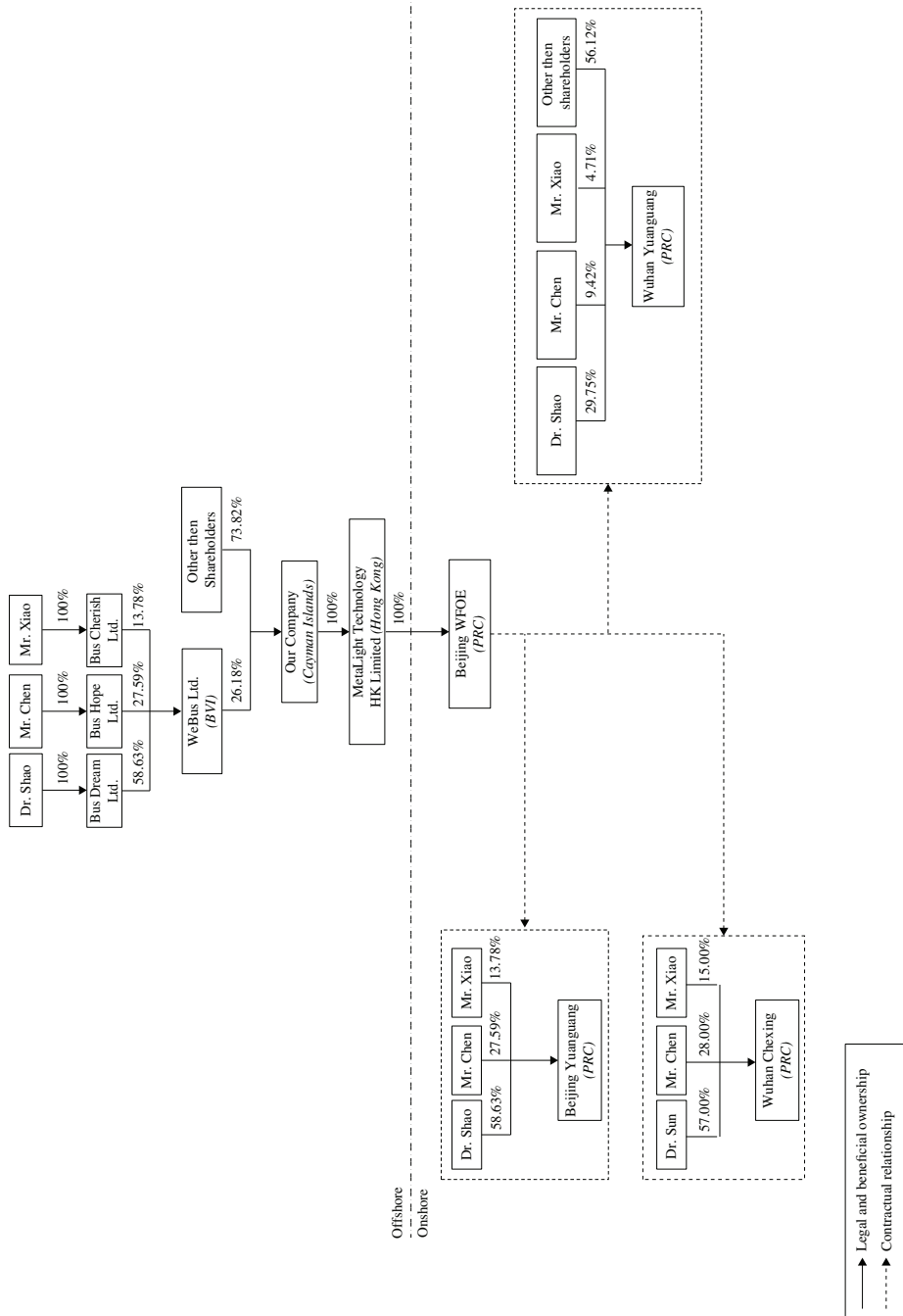
MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

REORGANIZATION

The following chart sets forth our Group’s corporate and shareholding structure immediately prior to the commencement of the Reorganization.



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

We underwent the certain Reorganization steps in preparation for the [REDACTED]:

Shareholding Restructuring of the Company

Share Swap

Since the incorporation of the Company in 2015 and prior to the shareholding restructuring in 2023, WeBus Ltd. has been holding the largest equity interest in the Company. It was held as to: (i) 58.63% by Dr. Shao (whose voting power was exercised by Dr. Sun); (ii) 27.59% by Mr. Chen; and (iii) 13.78% by Mr. Xiao. On February 25, 2016, Shares held by Dr. Shao, Mr. Chen and Mr. Xiao were transferred to their respective wholly owned entities, namely, Bus Dream Ltd. (“**Bus Dream**”), Bus Hope Ltd. (“**Bus Hope**”) and Bus Cherish Ltd. (“**Bus Cherish**”).

Bus Dream, Bus Hope and Bus Cherish (collectively, “**Intermediate SPVs**”) collectively established WeBus Sunshine Ltd. (“**NewCo**”) and the Intermediate SPVs’ shareholdings in the NewCo mirrored those in WeBus Ltd..

Subsequent to the establishment of the NewCo, each of the Intermediate SPVs underwent the following share swap with WeBus Ltd. (the “**Share Swap**”): (i) each of the Intermediate SPVs transferred their respective interest in the NewCo to WeBus Ltd.; and (ii) in return, WeBus Ltd. transferred its interest in the Company to the Intermediate SPVs, and the number of Shares transferred to each Intermediate SPV also mirrored their respective interest in WeBus Ltd..

Following the completion of the Share Swap on December 30, 2023, WeBus Ltd. ceased to have any equity interest in the Company, and each of the Intermediate SPVs became a direct Shareholder of the Company.

Background of the Case

From February 2010 to December 2016, Dr. Shao served as the chief executive officer, director and legal representative of Wuhan Yuanguang. Dr. Shao and certain then employees of Wuhan Yuanguang (collectively, the “**Defendants**”) were involved in a criminal proceeding in which they were charged of illegal acquisition of data of computer information system (the “**Case**”). The court found that the Defendants utilized data scraping software to acquire the original datasets containing information on bus movements and estimated arrival times from a third party’s server to enhance the accuracy of information displayed on Chelaile (車來了).

In August 2015, with the approval of Shenzhen Municipal Transportation Commission (深圳市交通運輸委員會, the then governing authority for public transportation in Shenzhen, the “**Commission**”), Shenzhen Beidou Application Technology Research Institute Co., Ltd. (深圳北斗應用技術研究院有限公司, “**Shenzhen Beidou**”) granted access to the application programming interface (“**API**”) for real-time bus data in Shenzhen to several software development companies, including Wuhan Yuanguang. Based on relevant arrangement between

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Shenzhen Gumi Technology Co., Ltd. (深圳谷米科技有限公司, “Gumi”) and the Commission, Gumi installed global positioning system (“GPS”) trackers, data obtained from which was transferred to its mobile application Goome (酷米客), on buses operated by Shenzhen Eastern Public Transport Co., Ltd. and Shenzhen Western Bus Co., Ltd. for the purpose of obtaining bus data. The court held that, Gumi held ownership rights under such arrangement over the data collected from the GPS trackers and authorized the Commission to utilize the data for regulatory purposes.

As confirmed by the Company, starting in August 2015, the accuracy of bus data displayed on Chelaile for the Shenzhen region experienced inaccuracies in estimated arrival times. After conducting on-site examinations and online comparisons, Wuhan Yuanguang discerned that the bus GPS information furnished by Gumi consistently showed an average lead of approximately one minute over Chelaile and Jiao Tong Zai Shou (交通在手), a mobile application developed and operated by the Commission.

Subsequent investigations by Shenzhen Beidou ruled out the possibility that the aforementioned latency issues originated from Shenzhen Beidou or Wuhan Yuanguang. This led to the conclusion that the significant delays were rooted in the transmission of bus GPS data from Gumi to the Commission. From August to October 2015, Wuhan Yuanguang repeatedly raised concerns about data latency to Shenzhen Beidou, seeking their assistance in resolving the data issue related to Gumi. In collaboration with Wuhan Yuanguang and another third-party technology service provider, Shenzhen Beidou subsequently conducted a review of the bus GPS data on Gumi, Chelaile, and Jiao Tong Zai Shou. Gumi had introduced mechanisms to delay the transmission of bus GPS data to the Commission.

Despite concerted efforts by Shenzhen Beidou and relevant bus companies in Shenzhen to address the data latency issue with Gumi, data obtained from Shenzhen Beidou continued to exhibit inaccuracies by October 2016.

In response to these persistent challenges, in around November 2015, after consulting with Dr. Shao, Mr. Chen Mao, who was serving as the technology director at Wuhan Yuanguang at that time, utilized data scraping software to generate a significant volume of access requests aimed at accessing the original bus GPS data stored on Gumi’s server.

In light of the above, the Court concluded that the Defendants’ actions amounted to the offense of illegal acquisition of computer information system data under the PRC Criminal Law. The Court further established that these criminal acts constituted a corporate crime, thereby holding Dr. Shao, the legal representative of Wuhan Yuanguang, legally accountable for these actions. The Court found that the Defendants’ acquisition of data primarily served the purpose of data comparison and concluded that their motive behind the actions was not malicious. As a result, in July 2017, the Court decided to impose a suspended sentence (缓刑) on the Defendants. Dr. Shao received a three-year imprisonment sentence, which was accompanied by a four-year suspended sentence and a fine of RMB100,000. Upon the completion of the suspended sentence, the original imprisonment sentence would not be enforced.

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In relation to the same matter, the plaintiff in the Case also brought a civil claim against Wuhan Yuanguang and the Defendants for unfair competition. The court held that the acts of Wuhan Yuanguang and the Defendants constituted unfair competition, and ordered Wuhan Yuanguang to compensate the plaintiff at a total amount of RMB500,000.

Following the Case, Dr. Shao resigned from (i) his positions as chief executive officer and director of the Company around May 2018 and (ii) his positions as manager and director of all principal entities of the Group (including Wuhan Yuanguang in November 2016, Beijing Yuanguang in July 2021, Hangzhou Chekuailai Technology Co., Ltd. (杭州車快來科技有限公司)) in December 2017 and Beijing WFOE in December 2017, respectively.

To prevent the recurrence of similar non-compliances, the Company has implemented a comprehensive set of measures to enhance data compliance, including, among others:

- (a) periodically organizing themed meetings and training sessions for its management team and key employees under the direction of the Company’s data compliance committee and senior management, with a focus on introducing and reinforcing data compliance policies, discussing the legal boundaries of data acquisition and addressing related topics. These initiatives aim to provide attendees with a comprehensive understanding of the legal risks associated with non-compliance practices regarding data; and
- (b) establishment of a recognition program that honors employees who excel in various areas, encompassing exceptional contributions to data compliance among others. Additionally, the Company actively addresses data compliance matters and proposes corresponding solutions during its management meetings where relevant employees will also report to the management team about the latest updates in respect of the Group’s data procurement and conduct the periodic review of the Company’s management and operation in data quality. By placing a strong emphasis on data integrity, the Company strives to minimize the risk of data misappropriation and ensure the legal compliance of its valuable data assets.

To safeguard the integrity and security of the bus data the Company sourced from transportation entities and third-party websites, a robust governance framework aimed to prevent non-compliance incidents in relation to data usage and operation has been implemented. Please refer to “Business — Data Privacy and Protection — Bus Data Governance Framework” in this Document for details.

On April 18, 2017, Dr. Shao executed a voting agreement, for himself and on behalf of Bus Dream, granting the voting rights associated with his entire 58.63% equity interest in WeBus Ltd. to Dr. Sun (the “**2017 Voting Agreement**”). The 2017 Voting Agreement confers upon Dr. Sun an irrevocable power-of-attorney to exercise voting rights at his discretion during any shareholders’ meetings of WeBus Ltd.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

During the Track Record Period, the Group had been operated under the leadership of the Board, with support from the management team. As mentioned above, following the Case, Dr. Shao has not held any directorate or managerial position within the Group. In addition, following the execution of the 2017 Voting Agreement, Dr. Shao ceased to have any voting rights in WeBus Ltd., and accordingly could not exercise his voting rights over the Company through WeBus Ltd.. Further, the Company has a diverse shareholder base, among which the Shareholders holding Preferred Shares have been afforded a series of protective provisions under the relevant pre-[REDACTED] investment agreements. Under such agreements, material matters including the election of directors, employment of chief executive officer, issuance or repurchase of Shares, all require the approval from a majority of these Shareholders. Considering the aforesaid, the Company is of the view that the Group functioned independently from Dr. Shao during the Track Record Period and the Case would not affect the Company’s suitability for [REDACTED] on the Stock Exchange (the “**Company’s View on Suitability for [REDACTED]**”).

In light of the Case, we adopted the following arrangements in relation to our corporate structure:

- (a) Through the Share Swap, WeBus Ltd. ceased to have equity interest in the Company. Further, the Company repurchased 11,000,000 ordinary Shares (the “**Repurchased Shares**”) from Bus Dream. As a result, Dr. Shao (through Bus Dream) is interested in approximately 4.46% in the Company as of the date of the Document, and approximately [REDACTED]% following the completion of the [REDACTED].
- (b) Following such Share Swap, to substitute the 2017 Voting Agreement, on December 30, 2023, Dr. Shao (together with Bus Dream) entered into the 2023 Voting Agreement with Dr. Sun and his wholly-owned entity, Meta Hope Ltd., to grant the voting rights associated with his entire indirect equity interest in the Company to Dr. Sun, and confer upon Dr. Sun an irrevocable power-of-attorney to exercise these voting rights at his own discretion at any shareholders’ meetings of the Company. To the best knowledge of the Company and as confirmed by Dr. Sun, other than the 2017 Voting Agreement and 2023 Voting Agreement, there is no other side agreement or voting arrangement entered into between Dr. Sun and/or his close associates on one hand, and any other Shareholders of the Company on the other hand.
- (c) Additional safeguards have also been put in place:
 - Dr. Shao irrevocably undertook to the Company that he has no intention, and will not, and will cause his close associates (within the meaning as set out in the Listing Rules) not to (1) serve as a director or assume any senior management role in the Group, or (2) exert any control or influence on the management and operation of the Group upon completion of the [REDACTED];

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- For the purpose of ensuring the above undertaking could be strictly carried out, the Board will maintain, and from time to time update, the list of close associates of Dr. Shao. It is proposed that, upon the appointment of the nomination committee of the Board, each member of the nomination committee of the Board, would undertake that they will not nominate Dr. Shao or any of this close associates for appointment as a director or senior management of the Group. The Company also confirms that there is no, and would not be, any side agreement or arrangement (expressed or implied, formal or informal) between Dr. Shao or his close associate and the Company.

Based on the independent due diligence work conducted by the Sole Sponsor and taking into account the views and basis of the Company as disclosed above, nothing has come to the attention of the Sole Sponsor that would reasonably cause the Sole Sponsor to cast doubt on the Company’s View on Suitability for [REDACTED] in any material respects.

No Claim-back of the Repurchased Shares

(i) In connection with the repurchase as mentioned in this section, Bus Dream has entered into the Share Repurchase Agreement pursuant to which each of Bus Dream, its ultimate beneficial owners, Dr. Shao and/or his associates (as defined under the Listing Rules), has undertaken that, it shall not, wholly or partially, directly or indirectly, claim back the Repurchased Shares (whether in the form of the transfer of Repurchased Shares or subscription of new Shares issued by the Company or otherwise) (the “**Undertakings**”); (ii) in the written Directors’ and Shareholders’ resolutions dated April 1, 2024 approving the repurchase of Shares held by Bus Dream, it was resolved that the Company shall not permit or cause the Repurchased Shares to be, wholly or partially, directly or indirectly, claimed back by Bus Dream, its ultimate beneficial owners, Dr. Shao and/or his associates (whether in the form of transfer of the Repurchased Shares or issuance of new Shares by the Company or otherwise) (the “**Resolutions**”).

As advised by Campbells, the Company’s Cayman Legal Advisors, according to the six amended and restated memorandum and articles of association of the Company (“**Sixth Amended M&A**”) currently in effect, share issuance shall be approved by the Board of Directors and approved in writing by (i) all of Bus Dream, Bus Hope and Bus Cherish, and (ii) the Preferred Majority which shall include the Series A Majority and the Series B Majority in writing in advance.

Based on the aforesaid which sets out the approval requirement for issuance of Shares under the Sixth Amended M&A, assuming that (1) the Company will not pass any board resolutions to approve any issuance of Shares to Bus Dream, its ultimate beneficial owners, Dr Shao and/or his associates (collectively as the “**Seller Parties**”); (2) none of Bus Dream, Bus Hope, Bus Cherish or Preferred Majority will give their consents to approve the issuance of any Shares to any of the Seller Parties; and (3) the Sixth Amended M&A remains in full force until the [REDACTED], Campbells is of the view that the Company will not be able to obtain the necessary approvals required under the Sixth Amended M&A to issue any new Shares (including the Repurchased Shares) to the Seller Parties prior to the [REDACTED].

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In this regard, on May 15, 2024, confirmations have been obtained from the then Directors confirming that each of them would not approve any resolutions or otherwise permit or cause the Repurchased Shares to be wholly or partially, directly or indirectly, claimed back by Bus Dream, its ultimate beneficial owners, Dr. Shao and/or his associates, whether in the form of transfer of the Repurchased Shares or issuance of new Shares by the Company or otherwise (the “**Directors’ Confirmations**”). Further, confirmations have been obtained from Dr. Sun (who has been granted the voting rights associated with Bus Dream), Mr. Chen, Mr. Xiao and Preferred Majority that they would not approve resolutions or otherwise permit or cause the Repurchased Shares to be claimed back by Bus Dream, its ultimate beneficial owners, Dr. Shao and/or his associates (the “**Shareholders’ Confirmations**”).

Considering: (i) the Undertakings as set out in the Share Repurchase Agreement; (ii) the Resolutions which resolved that the Company shall not permit the Repurchased Shares to be claimed back; (iii) Campbell’s review of the Six Amended M&A and its view regarding the approval requirements for Share Issuance to the Seller Parties; and (iv) the Shareholders’ Confirmations and Directors’ Confirmations confirming that the corresponding Shareholders and Directors would not approve the claim-back of Repurchased Shares, the Company is of the view that Dr. Shao and/or his associate cannot claim back any of the Repurchased Shares. (“**Company’s View on Claiming back of Repurchased Shares by Dr. Shao**”)

Based on the independent due diligence work conducted by the Sole Sponsor, the Directors’ Confirmations, and taking into account the views and basis of the Company and the Company’s Cayman Legal Advisors in this regard as disclosed above, nothing has come to the attention of the Sole Sponsor that would reasonably cause the Sole Sponsor to cast doubt on the Company’s View on Claiming back of Repurchased Shares by Dr. Shao in any material respects.

Changes in equity structure of Wuhan Yuanguang

On November 14, 2023, the then registered shareholders of Wuhan Yuanguang passed shareholder resolutions pursuant to which registered shareholders other than Dr. Shao, Mr. Chen and Mr. Xiao exited Wuhan Yuanguang by way of capital reduction, with the registered capital of Wuhan Yuanguang being reduced from RMB1,699,271 to RMB745,452.

As of the date of this Document, Wuhan Yuanguang was owned as to 50%, 33.33% and 16.67% by Wuhan WFOE, Mr. Chen and Mr. Xiao, respectively.

Contractual Arrangement

Since 2015, we have established the contractual arrangements through a series of agreements, and gained effective control over the Consolidated Affiliated Entities by virtue of contractual arrangements.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

To comply with the relevant laws and regulations, and in preparation for the [REDACTED], in 2024, Wuhan WFOE entered into various agreements that constitute the Contractual Arrangements with, among others, Wuhan Yuanguang and the Registered Shareholders. Pursuant to the Contractual Arrangements, the Group is able to gain effective control over and to receive 50% of the economic benefits generated by Wuhan Yuanguang and its subsidiaries.

See “Contractual Arrangements” for details.

INCENTIVE PLANS

On October 20, 2015 and April 1, 2024, our Company adopted the 2015 Share Incentive Plan and 2023 Share Incentive Plan, respectively, in order to motivate, attract and encourage certain officers, managers, employees, directors and other eligible persons. The principal terms of the Incentive Plans and the details of grants thereunder are set out in the section headed “Appendix IV Statutory and General Information — D. Share Incentive Plans.”

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENTS

Overview

Our Group has conducted multiple rounds of Pre-[REDACTED] Investments at the level of Wuhan Yuanguang and the Company, which are summarized below:

Relevant Pre-[REDACTED] Investors	Method of acquisition of the registered capital of Wuhan Yuanguang	Registered capital of Wuhan Yuanguang	Date of the subscription or transfer agreement	Consideration	Settlement date	Cost per unit of registered capital ⁽¹⁾	(Discount)/ Premium to the [REDACTED] ⁽²⁾
Series Seed Financing^(s)							
Beijing Shunwei (onshore affiliate of Power Sailor) .	Subscription of increased registered capital	RMB170,800	December 26, 2013	RMB1,200,000	January 8, 2014	RMB7.03	[REDACTED]
Optics Valley Startup	Subscription of increased registered capital	RMB42,800	December 26, 2013	RMB300,000	January 21, 2014	RMB7.01	[REDACTED]
Zhenge Tianchuang (onshore affiliate of Cherish Star Ventures) . .	Subscription of increased registered capital	RMB53,400	December 26, 2013	RMB600,000	January 7, 2014	RMB11.24	[REDACTED]
Series A Financing^(s)							
Alibaba China (onshore affiliate of Alibaba Investment).	Subscription of increased registered capital	RMB186,396	June 10, 2014	RMB10,705,000	June 27, 2014	RMB57.43	[REDACTED]
	Acquisition of registered capital from Dr. Shao	RMB22,548	June 10, 2014	RMB1,295,000	June 26, 2014	RMB57.43	[REDACTED]
Shanghai Pegasus (onshore affiliate of Yang Zhenyu) .	Subscription of increased registered capital	RMB78,304	June 10, 2014	RMB4,500,000	July 1, 2014	RMB57.47	[REDACTED]

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Relevant Pre-[REDACTED] Investors	Method of acquisition of the registered capital of Wuhan Yuanguang	Registered capital of Wuhan Yuanguang	Date of the subscription or transfer agreement	Consideration	Settlement date	Cost per unit of registered capital ⁽¹⁾	(Discount)/ Premium to the [REDACTED] ⁽²⁾
Series A1 Financing⁽⁵⁾							
Alibaba China (onshore affiliate of Alibaba Investment)	Subscription of increased registered capital	RMB95,121	April 23, 2015	RMB10,000,000	May 22, 2015	RMB105.13	[REDACTED]
Relevant Pre-[REDACTED] Investors	Method of acquisition of Shares	Shares of the Company acquired or subscribed	Date of the subscription or transfer agreement	Consideration	Settlement date	Cost per Share	(Discount)/ Premium to the [REDACTED] ⁽²⁾
Series B Financing⁽⁵⁾							
Alibaba Investment ⁽³⁾	Subscription of Shares	3,796,130 Series B Preferred Shares	September 29, 2015	US\$1,500,000	October 20, 2015	US\$0.40	[REDACTED]
CBC ⁽³⁾	Subscription of Shares	11,388,389 Series B Preferred Shares	September 29, 2015	US\$4,500,000	November 5, 2015	US\$0.40	[REDACTED]

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Relevant Pre-[REDACTED] Investors	Method of acquisition of Shares	Shares of the Company acquired or subscribed	Date of the subscription or transfer agreement	Consideration	Settlement date	Cost per Share	(Discount)/ Premium to the [REDACTED] ⁽²⁾
Series B1 Financing⁽⁵⁾							
Cheering Venture	Subscription of Shares	8,889,384 Series B1-4 Preferred Shares	December 31, 2015 (as amended on December 29, 2016 and January 22, 2017)	US\$7,526,881.72	February 1, 2016	US\$0.85	[REDACTED]
	Acquisition of Shares from WeBus Ltd.	1,051,437 Ordinary Shares 1,462,572 Series B1-1 Preferred Shares	January 29, 2016	US\$415,464	January 29, 2016	US\$0.40	[REDACTED]
			January 29, 2016	US\$990,720	January 29, 2016	US\$0.68	[REDACTED]
	Acquisition of Shares from Power Sailor	861,813 Ordinary Shares	January 29, 2016	US\$340,536	January 29, 2016	US\$0.40	[REDACTED]
	Acquisition of Shares from Power Sailor	7,865,581 Series B1-1 Preferred Shares	January 29, 2016	US\$5,328,000	January 29, 2016	US\$0.68	[REDACTED]

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Relevant Pre-[REDACTED] Investors	Method of acquisition of Shares	Shares of the Company acquired or subscribed	Date of the subscription or transfer agreement	Consideration	Settlement date	Cost per Share	(Discount)/ Premium to the [REDACTED] ⁽²⁾
	Acquisition of Shares from Yang Zhenyu	1,573,329 Series B1-1 Preferred Shares	January 29, 2016	US\$1,065,744	January 29, 2016	US\$0.68	[REDACTED]
	Acquisition of Shares from Yang Zhenyu	3,702,882 Series B1-3 Preferred Shares	January 29, 2016	US\$3,135,330	January 29, 2016	US\$0.85	[REDACTED]
CBC ⁽³⁾	Acquisition of Shares from WeBus Ltd.	2,217,811 Series B1-2 Preferred Shares	January 29, 2016	US\$1,641,311	February 1, 2016	US\$0.74	[REDACTED]
Honghe Venture Fund . . .	Acquisition of Shares from Cherish Star Ventures	3,068,786 Ordinary Shares	December 10, 2015	US\$1,212,598	January 6, 2016	US\$0.40	[REDACTED]
	Subscription of Shares	9,448,145 Series B1-4 Preferred Shares	December 31, 2015 (as amended on December 29, 2016 and January 22, 2017)	US\$8,000,000	January 28, 2016	US\$0.85	[REDACTED]

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Relevant Pre-[REDACTED] Investors	Method of acquisition of Shares	Shares of the Company acquired or subscribed	Date of the subscription or transfer agreement	Consideration	Settlement date	Cost per Share	(Discount)/ Premium to the [REDACTED] ⁽²⁾
	Acquisition of Shares from Power Sailor	502,560 Ordinary Shares	January 4, 2016 (as amended on December 29, 2016 and January 22, 2017)	US\$206,828.72	January 28, 2016	US\$0.41	[REDACTED]
JH Honghe ⁽³⁾	Subscription of Shares	1,653,425 Series B1-4 Preferred Shares	December 31, 2015 (as amended on December 29, 2016 and January 22, 2017)	US\$1,400,000	January 24, 2017	US\$0.85	[REDACTED]
	Subscription of Shares	624,986 Ordinary Shares	January 4, 2016 (as amended on December 29, 2016 and January 22, 2017)	US\$246,957	January 24, 2017	US\$0.40	[REDACTED]
Yirong Capital ⁽³⁾	Subscription of Shares	708,611 Series B1-4 Preferred Shares	December 31, 2015 (as amended on December 29, 2016 and January 22, 2017)	US\$600,000	January 24, 2017	US\$0.85	[REDACTED]

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Relevant Pre-[REDACTED] Investors	Method of acquisition of Shares	Shares of the Company acquired or subscribed	Date of the subscription or transfer agreement	Consideration	Settlement date	Cost per Share	(Discount)/ Premium to the [REDACTED] ⁽²⁾
	Subscription of Shares	267,851 Ordinary Shares	January 4, 2016 (as amended on December 29, 2016 and January 22, 2017)	US\$105,838	January 24, 2017	US\$0.40	[REDACTED]
Online	Subscription of Shares	863,886 Series B1-5 Preferred Shares	June 17, 2019	US\$1,000,000	June 25, 2019	US\$1.16	[REDACTED]
Series C Financing⁽⁵⁾							
Silver Snake	Subscription of Shares	922,566 Series C Preferred Shares	January 23, 2024	US\$1,500,000	January 30, 2024	US\$1.63 ⁽⁴⁾	[REDACTED]
	Acquisition of Shares from JH Honghe	952,509 Series B1-4 Preferred Shares	January 23, 2024	US\$95.2509 ⁽⁴⁾	January 30, 2024	US\$0.0001 ⁽⁴⁾	[REDACTED]
Duan Sirui	Subscription of Shares	678,882 Series C Preferred Shares	January 23, 2024	US\$1,103,794.30	May 17, 2024	US\$1.63 ⁽⁴⁾	[REDACTED]
	Acquisition of Shares from JH Honghe	700,916 Series B1-4 Preferred Shares	January 23, 2024	US\$70.0916 ⁽⁴⁾	May 17, 2024	US\$0.0001 ⁽⁴⁾	[REDACTED]
Equity Transfer in May 2024							
Garaitz Capital Pre. Ltd. . .	Acquisition of Shares from Power Sailor	2,152,352 Series Seed B Preferred Shares	April 29, 2024	US\$1,721,881.6	May 29, 2024	US\$0.80	[REDACTED]

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) The cost per unit of registered capital paid is calculated by dividing the total investment amount by the unit of registered capital of Wuhan Yuanguang subscribed.
- (2) The discount to the [REDACTED] is calculated based on the assumption that (i) the [REDACTED] is HK\$[REDACTED] per Share; (ii) for investment at the level of Wuhan Yuanguang, the cost per Share paid is calculated based on the share subscription/acquisition price paid by the relevant Pre-[REDACTED] Investors, and the number of Shares they receive when their onshore interests were reflected on the offshore level; and (iii) the exchange rate as set out in “Information about this Document and the [REDACTED].”
- (3) The whole or part of the consideration of their investments were paid by their respective onshore affiliates.
- (4) JH Honghe and Shanghai Yirong divested its investment from the Group in January 2024. As part of the divestment: (i) the Company repurchased their stake at a total consideration of RMB17,000,000; (ii) certain Shares held by JH Honghe and Yirong Capital was repurchased and canceled by the Company; and (iii) JH Honghe transferred the Series B1-4 Shares it held to the Series C Investors at par value. Subsequently, the Company issued Series C Preferred Shares to the Series C Investors.

Based on the above, the weighted average cost per share of the Series C Investment is US\$0.8 per Share.
- (5) The post-money valuation of the Group following the completion of each pre-[REDACTED] financing round is on a fully-diluted basis, taking into account the Shares under the then reserved share incentive pool. As such, the post-money valuation of the Group following the completion of Series Seed Financing, Series A Financing, Series A1 Financing and Series B Financing was RMB8.4 million, RMB76.5 million, RMB150.0 million and US\$42.0 million, respectively.

Given Ondine subscribed the Company’s Shares two years after the subscription by other Series B1 investors, the post-money valuation of the Group following the completion of Series B1 Financing is presented in two parts: (1) the post-money valuation of the Group following the completion of Series B1 Financing (excluding the subscription of Shares by Ondine) was US\$107.5 million; and (2) the post-money valuation of the Group following the subscription of Shares by Ondine was US\$148.0 million.

The post-money valuation following the completion of Series C Financing was US\$207.9 million.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Other Principal Terms of the Pre-[REDACTED] Investments

Use of proceeds from the Pre-[REDACTED] Investments	We utilized the proceeds from the Pre-[REDACTED] Investments for daily operation. As of the Latest Practicable Date, approximately 100.0% of the net proceeds from the Pre-[REDACTED] Investments has been utilized.
Strategic benefits brought by the Pre-[REDACTED] Investors	At the time of the Pre-[REDACTED] Investments, our Directors were of the view that our Company would benefit from the additional capital to be provided by the Pre-[REDACTED] Investors and some Pre-[REDACTED] Investors’ knowledge and experience. The Pre-[REDACTED] Investments also demonstrated the Pre-[REDACTED] Investors’ confidence in the operation and development of our Group.
Basis of consideration	The consideration for the Pre-[REDACTED] Investments were determined based on arm’s length negotiations between our Company or the existing Shareholders (as the case may be) with reference to business scale and financial performance of the Group at the relevant times. Other factors were also taken into account in the determination of the consideration including but not limited to (i) the investment risk assumed by the relevant Pre-[REDACTED] Investors under the capital market conditions at the time of the relevant investments and (ii) the strategic benefits which would be brought by the Pre-[REDACTED] Investors to our Group (where applicable).

Special Rights and Lock Up of Pre-[REDACTED] Investors

The Pre-[REDACTED] Investors were granted certain customary special rights in the Pre-[REDACTED] Investments, including but not limited to, information and inspection rights, pre-emptive rights, right of first refusal and right of co-sale and redemption rights.

All special rights granted to the Pre-[REDACTED] Investors will be terminated on the consummation of the [REDACTED], except for the redemption right, which shall cease to be exercisable immediately prior to the first submission of the [REDACTED] application to the Stock Exchange, provided that such redemption rights shall be automatically restored and exercisable and in full force and effect upon the earliest to occur of (i) the withdrawal of the [REDACTED] application by the Company; (ii) the rejection of the [REDACTED] application by the Stock Exchange; or (iii) the Company fails to consummate the

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

[REDACTED] within 24 months after the first submission of the [REDACTED] application by the Company to the Stock Exchange. Accordingly, the redemption right granted to the Pre-[REDACTED] Investors is only exercisable when the [REDACTED] does not take place and will terminate upon [REDACTED].

Pursuant to the agreements in relation to pre-[REDACTED] investments, each pre-[REDACTED] investor agrees that, upon request by the Company or the [REDACTED] managing the [REDACTED], it will not sell or otherwise transfer or dispose of any securities of the Company without the prior written consent of the Company or such [REDACTED], as the case may be, for a period of time specified by the representative of the [REDACTED] not to exceed 180 days from the date of this Document as may be requested by the [REDACTED].

Information about the Pre-[REDACTED] Investors

Alibaba Investment

Alibaba Investment is a limited liability company incorporated in the British Virgin Islands and a wholly owned subsidiary of Alibaba Group Holding Limited, a company listed on the New York Stock Exchange (symbol: BABA) and the Stock Exchange (stock code: HK.09988). Alibaba Investment is an investment holding company for strategic investments and major subsidiaries relating to digital media and entertainment business, which is an offshore affiliate of Alibaba China. Alibaba Investment is an Independent Third Party immediately upon the completion of the [REDACTED].

CBC

CBC is a limited liability partnership incorporated in the Cayman Islands. The general partner of CBC is CBC Partners III, L.P., which is ultimately controlled by Mr. Tian Suning, an Independent Third Party, through his intermediary controlled entities, namely CBC Ultimate Partners III Ltd., Info Expert Services Ltd and Wisdom Ascend Ventures Ltd.. As of the Latest Practicable Date, CBC had 24 limited partners, none of which held more than 30% of the limited partnership interest in CBC. CBC is primarily engaged in making investments in and holding equity and equity-oriented securities of privately held companies with a focus on, or serving, the telecom, internet, media and technology sectors in China. CBC is an Independent Third Party immediately upon the completion of the [REDACTED].

HongHe Venture Fund

HongHe Venture is a limited partnership incorporated in the Cayman Islands and the general partner is HongHe GP Ltd. HongHe Venture is ultimately controlled by Mr. Yang Zhenghong, an Independent Third Party. As of the Latest Practicable Date, HongHe Venture had 21 limited partners, with the largest limited partner, KKinnox Investment Limited, holding approximately 33.06% of the partnership interest. No other limited partnership of HongHe

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Venture held more than one third of the partnership interest. HongHe Venture is primarily engaged in investment and asset management. HongHe Venture is an Independent Third Party immediately upon the completion of the [REDACTED].

Cheering Venture

Cheering Venture is a limited liability company incorporated in the British Virgin Islands, which is a wholly owned subsidiary of DiDi Global Inc., a company incorporated in the Cayman Islands. Cheering Venture is principally engaged in equity investment.

Ondine

Ondine is a limited liability partnership incorporated in the Cayman Islands. The general partner of Ondine is Ondine Capital Tech LTD., which is ultimately controlled by Hsu Le-Chia, an Independent Third Party. As of the Latest Practicable Date, Ondine had five limited partners, with Leonie Corp DVB GmbH and Opportunity Gain Investments Limited being the two largest limited partners, each holding approximately 44.4% partnership interests in Ondine, respectively. No other limited partnership of Ondine held more than one third of the partnership interest.

Silver Snake

Silver Snake a limited liability company incorporated in the Cayman Islands, the sole shareholder of which is Silver Snake Limited, a limited liability company incorporated in the British Virgin Islands. Silver Snake Limited is wholly owned by Yin Ping (銀平). Silver Snake is primarily engaged in technology investment and data compliance. Each of Silver Snake and Yin Ping is an Independent Third Party.

Duan Sirui

Duan Sirui is an individual pre-[REDACTED] investor and an Independent Third Party who from time to time participates in various investment opportunities with a primary focus in enterprises in science and technology sectors.

YANG Zhenyu

Mr. YANG Zhenyu is an individual Pre-[REDACTED] Investor and an Independent Third Party who from time to time participates in various investment opportunities with a primary focus in innovative start-ups in the service industry.

Garaitz Capital

Garaitz Capital is a limited liability company incorporated in Singapore, which is wholly owned by Liu Linyi. Garaitz Capital is principally engaged in management consultancy services. Each of Garaitz Capital and Liu Linyi is an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Public Float

Upon completion of the [REDACTED] (assuming no further Shares to be issued under the Share Incentive Plans), Shares held by the following Shareholders who are, or directly or indirectly controlled by our core connected persons, will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules:

- Meta Hope Ltd., Bus Hope Ltd. and Bus Cherish Ltd., collectively holding approximately [REDACTED]% of the total issued share capital of the Company. Pursuant to the AIC Agreement, the parties thereto shall act in accordance with the direction of Dr. Sun, our executive Director (including but not limited to acting through entities or trusts controlled by Dr. Sun); accordingly interests held by the aforementioned entities in the Company shall not be counted into public float;
- Bus Dream Ltd., a company wholly owned by Dr. Shao, where Dr. Sun (together with Meta Hope) as an attorney has the rights associated with Dr. Shao’s entire indirect equity interest in the Company held through Bus Dream Ltd. pursuant to the 2023 Voting Agreement, holding approximately [REDACTED]% of the total issued share capital of the Company;
- WeBus Light Ltd., which is owned as to approximately 61.61% by Ms. Qian Jinlei (through Meta Starry Ltd.), being our executive Director, holding approximately [REDACTED]% of the total issued share capital of the Company;
- Summer Sea Investment Limited, a company wholly owned by Ms. Lu Lu, our executive Director holding approximately [REDACTED]% of the total issued share capital of the Company; and
- Cheering Venture Global Limited, our substantial shareholder, holding approximately [REDACTED]% of the total issued share capital of the Company.

Except as stated above, the Shares held by the other Shareholders of the Company will constitute part of the public float.

Compliance with the Guide

On the basis that (i) the [REDACTED], being the first day of [REDACTED] of the Shares on the Stock Exchange, will take place no earlier than 120 clear days after completion of the Pre-[REDACTED] Investments; and (ii) the termination or cessation of special rights granted to the Pre-[REDACTED] Investors as disclosed in the sub-section headed “Special Rights and Lock Up of Pre-[REDACTED] Investors” above, the Sole Sponsor confirms that the Pre-[REDACTED] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

VOTING AGREEMENT AND ACTING IN CONCERT ARRANGEMENTS

Since the incorporation of the Company in 2015 and prior to the shareholding restructuring in 2023, WeBus Ltd. has been holding the largest equity interest in the Company. WeBus Ltd. was held as to (i) 58.63% by Dr. Shao through his wholly-owned subsidiary Bus Dream Ltd. (“**Bus Dream**”); (ii) 27.59% by Mr. Chen through his wholly-owned subsidiary Bus Hope Ltd. (“**Bus Hope**”); and (iii) 13.78% by Mr. Xiao through his wholly-owned subsidiary Bus Cherish Ltd. (“**Bus Cherish**”), respectively. Pursuant to the 2017 Voting Agreement, Dr. Shao granted the voting rights associated with his entire 58.63% equity interest in WeBus Ltd. to Dr. Sun. Accordingly, Dr. Sun, Mr. Chen and Mr. Xiao (together with their controlled entities) constitute a single largest group of shareholders immediately prior to the shareholding restructuring in 2023.

Pursuant to the 2023 Voting Agreement, Dr. Shao (together with Bus Dream) granted the voting rights associated with his entire equity interest in Bus Dream to Dr. Sun (together with Meta Hope), and confer upon Dr. Sun (together with Meta Hope) an irrevocable power-of-attorney with full power of substitution and re-substitution, enabling him to exercise these voting rights at his own discretion at any shareholders’ meetings of the Company.

To streamline and optimize the shareholding structure and to ensure the stable ownership and business development of our Group, Dr. Sun, Mr. Chen, Mr. Xiao and their respective controlled entities, namely Meta Hope, Bus Hope and Bus Cherish (each a “**Concert Party**” and collectively, the “**Concert Parties**”), entered into the acting-in-concert agreement on December 30, 2023 (the “**AIC Agreement**”).

Pursuant to the AIC Agreement, the Concert Parties are obligated to vote unanimously at all Shareholders’ meetings of the Company, discuss and reach consensus with each other before proposing to Shareholders’ meetings, and act in concert in respect of the business operations, governance and other key matters of our Company which shall be decided by the Shareholders.

Immediately prior to the completion of the [REDACTED], the Company was owned as to approximately 4.46% by Bus Dream, approximately 6.87% by Bus Hope, approximately 5.17% by Bus Cherish, and approximately 8.71% by Meta Hope Ltd. (“**Meta Hope**”) (which is wholly owned by Dr. Sun), respectively.

Immediately prior to the completion of the [REDACTED], taking into account the voting rights granted to Dr. Sun through the 2023 Voting Agreement, the Concert Parties and Bus Dream (the voting rights of which is exercised by Dr. Sun pursuant to the 2023 Voting Agreement) are collectively entitled to exercise control over, an aggregate of approximately 25.21% of our voting rights. Therefore, the Concert Parties and Bus Dream constitute the Single Largest Shareholders Group. Immediately upon the completion of the [REDACTED] (assuming no further Shares to be issued under the Share Incentive Plans), the Concert Parties and Bus Dream will control approximately [REDACTED]% of our voting rights and will remain as the Single Largest Shareholders Group.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

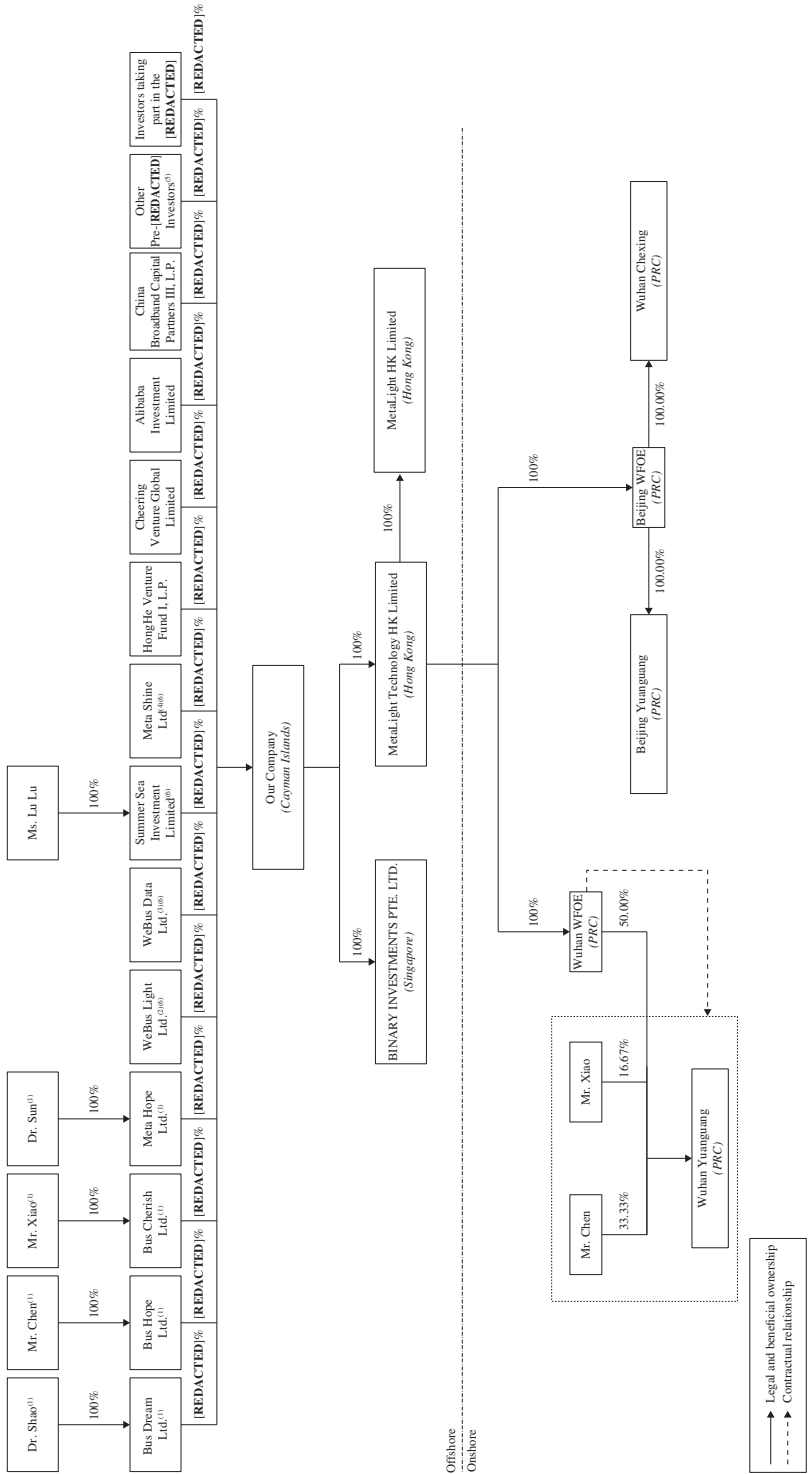
Notes:

- (1) Pursuant to the 2023 Voting Agreement, Dr. Shao (together with Bus Dream) granted the voting rights associated with his entire indirect equity interest in the Company held through Bus Dream Ltd. to Dr. Sun (together with Meta Hope), and confer upon Dr. Sun an irrevocable power-of-attorney with full power of substitution and re-substitution, enabling him to exercise these voting rights at his own discretion at any Shareholders’ meetings of the Company.
- Pursuant to the AIC Agreement, the Concert Parties are obligated to vote unanimously at all Shareholders’ meetings of the Company, discuss and reach consensus with each other before proposing to Shareholders’ meetings, and act in concert in respect of the business operations, governance and other key matters of our Company which shall be decided by the Shareholders. If they cannot agree on a relevant issue, Mr. Chen and Mr. Xiao, together with their controlled entities, shall act in accordance with the direction of Dr. Sun (including but not limited to acting through entities or trusts controlled by Dr. Sun).
- (2) WeBus Light Ltd. is a share incentive platform incorporated in the British Virgin Islands which is owned as to approximately 61.61%, 30.77% and 7.62% by Ms. Qian Jinlei (through Meta Starry Ltd.), Mr. Xu Cheng (through Meta Cherish Ltd.) and Mr. Wei Yong (through Meta Bus Ltd.), respectively.
- (3) WeBus Data Ltd. is a share incentive platform incorporated in the British Virgin Islands which is owned as to approximately 30.23%, 13.45%, 16.77%, 10.56% and 28.99% by Ms. She Yali, Ms. Li Wenjing, Mr. Sun Peng, Mr. Yuan Xiang and Mr. Ma Chengjie, respectively.
- (4) Meta Shine Ltd is indirectly controlled by Ms. She Yali through trust. Meta Shine Ltd. is wholly owned by Lucky Sphere Limited, a company incorporated in the BVI. Lucky Sphere Limited is wholly owned by Lucky Sphere Trust, whose beneficiaries include Ms. She Yali and her issue.
- (5) This includes all our other Pre-[REDACTED] Investors, who are Independent Third Parties. For additional information, please refer to the sub-sections headed “— Major Corporate Developments of Our Group” and “— Pre-[REDACTED] Investments” in this section above.
- (6) Summer Sea Investment Limited, WeBus Light Ltd., WeBus Data Ltd. and Meta Shine Ltd. are controlled by Directors and/or employees of the Company, and relevant Shares are issued to such platforms following the exercise/vesting of share awards granted to them.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR STRUCTURE IMMEDIATELY FOLLOWING THE [REDACTED]

The following chart sets forth our Group’s corporate and shareholding structure immediately after completion of the [REDACTED], assuming no further Shares are issued under the Share Incentive Plans.



Note: (1) to (6): please refer to the notes under the sub-section headed “Our Structure Immediately Prior to the [REDACTED]” in this section.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CAPITALIZATION OF OUR COMPANY

The following table sets out our shareholding structure upon the completion of the [REDACTED], assuming that no new Shares are issued under the Share Incentive Plans:

	Shareholder	Number	Shareholding
1. . . .	Bus Dream Ltd.	5,769,771	[REDACTED]%
2. . . .	Bus Hope Ltd.	8,891,489	[REDACTED]%
3. . . .	Bus Cherish Ltd.	6,691,454	[REDACTED]%
4. . . .	Meta Hope Ltd.	11,276,612	[REDACTED]%
5. . . .	WeBus Light Ltd.	13,129,743	[REDACTED]%
6. . . .	WeBus Data Ltd.	2,384,633	[REDACTED]%
7. . . .	Summer Sea Investment Limited	4,745,000	[REDACTED]%
8. . . .	Meta Shine Ltd	5,600,000	[REDACTED]%
9. . . .	HongHe Venture Fund I, L.P.	13,019,491	[REDACTED]%
10. . .	Cheering Venture Global Limited	23,439,957	[REDACTED]%
11. . .	Alibaba Investment Limited	13,532,348	[REDACTED]%
12. . .	China Broadband Capital Partners III, L.P.	13,606,200	[REDACTED]%
13. . .	YANG Zhenyu	1,062,728	[REDACTED]%
14. . .	Ondine Tech Fund 1 L.P.	863,886	[REDACTED]%
15. . .	Silver Snake	1,875,075	[REDACTED]%
16. . .	Duan Sirui	1,379,798	[REDACTED]%
17. . .	Garaitz Capital Pte. Ltd.	2,152,352	[REDACTED]%
18. . .	Other Public Shareholders	[REDACTED]	[REDACTED]%
	Total	[REDACTED]	100.00%

PRC LEGAL COMPLIANCE

Corporate Structure and Reorganization

Our PRC Legal Advisor has confirmed that the Reorganization of our PRC subsidiaries and the Consolidated Affiliated Entities has complied with relevant applicable PRC laws and regulations in all material respects and the changes of equity interest of our PRC subsidiaries and the Consolidated Affiliated Entities as described in “— Reorganization” in this section above have been registered with competent governmental authority in accordance with the PRC laws and regulations.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CSRC Filing

On February 17, 2023, the CSRC released the Overseas Listing Trial Measures which has come into effect on March 31, 2023. As advised by our PRC Legal Advisor, based on the Overseas Listing Trial Measures, our Directors are of the view that we are required to submit the filings with CSRC in accordance with the Overseas Listing Trial Measures. On January 6, 2025, the CSRC issued a notification on our completion of the PRC filing procedures for the [REDACTED] of our Shares on the Stock Exchange and the [REDACTED]. As advised by our PRC Legal Advisor, no other approvals from the CSRC are required to be obtained for the [REDACTED] of our Shares on the Stock Exchange. For details, see “Regulatory Overview — Regulations Related to M&A and Overseas Listing.”

SAFE Registration

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “**SAFE Circular 37**”) on July 14, 2014. SAFE Circular 37 requires a PRC resident to register with local branches of SAFE in connection with his direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC resident’s legally owned assets or equity interest in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a “special purpose vehicle.” SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or swap, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle maybe restricted in its ability to contribute additional capital into its PRC subsidiaries. Furthermore, failure to comply with the SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

On February 13, 2015, SAFE released the Notice on Further Simplifying the Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular 13**”), which became effective from June 1, 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37. However, there exists uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

Our PRC Legal Advisor have confirmed that Dr. Sun, Mr. Chen and Mr. Xiao, each being a PRC resident, have duly completed the relevant registrations as required under the regulations abovementioned.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

M&A Rules

Pursuant to the M&A Rules, where a domestic enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic enterprise which is related to or connected with it/him/her, approval from the MOFCOM is required. The M&A Rules, among others, also require that an offshore special purpose vehicle, or a SPV, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the [REDACTED] of such SPV's securities on an overseas stock exchange, especially in the event that the SPV acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC Legal Advisor is of the view that unless new laws and regulations are enacted or MOFCOM and CSRC publish new provisions or interpretations on the M&A Rules to the contrary in the future, the proposed [REDACTED] is not subject to approval from the MOFCOM and the CSRC under the M&A Rules. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented, and whether the relevant PRC government authorities, including CSRC, will reach the same conclusion as our PRC Legal Advisor.

BUSINESS

WHO WE ARE

We operate Chelaile (車來了), a mobile app that applies big data analytics to deliver real-time, accurate bus arrival information. Chelaile has established a solid base for mobile advertising revenue through its extensive audience reach. In 2022, 2023 and 2024, mobile advertising contributed 85.2%, 96.2% and 98.0% of our total revenue, respectively. Beyond advertising, we deliver data analytics products and services to businesses and governments, enabling accurate predictions and supporting smart decision-making.

Launched in 2013, Chelaile empowers commuters with easy, reliable access to real-time bus information. By analyzing GPS data licensed from transportation entities, user queries and search histories, as well as data aggregation of buses and users, Chelaile offers up-to-the-minute bus schedules and accurate estimated arrival times, elevating travel experiences by reducing the uncertainty of wait times and the likelihood of missing buses. Chelaile’s accuracy and effectiveness have driven its widespread adoption in China. According to CIC, Chelaile is the largest real-time bus information platform in China by city coverage, spanning 274 cities as of December 31, 2024 with particularly strong presence in tier-3 and lower-tier cities. Chelaile has cultivated a large user base, with approximately 298.4 million cumulative users as of December 31, 2024.

Chelaile’s repository of data insights enables us to deliver data analytics products and services to transportation entities such as local transportation authorities and bus companies. Our offerings improve their operational and management efficiency by monitoring real-time bus operation, improving the accuracy of bus data, optimizing bus routes, and planning new routes. Building on our experience in the public bus sector, we are broadening our data analytics offerings to various industries. For electricity traders, we provide strategic guidance to improve their profitability. For e-bike sharing operators, we help detect overloading incidents to ensure their e-bikes are used in compliance with regulations.

We employ distinct revenue models for our offerings. Chelaile is free for users, generating revenue primarily through programmatic and brand advertising. For programmatic advertising, we sell advertising inventory to platforms that manage advertisement placements, receiving advertising fees based on the number of impressions. In 2022, 2023 and 2024, our revenue from programmatic advertising platforms accounted for 74.6%, 85.5% and 93.1% of our total revenue, respectively. For brand advertising, we sell advertising inventory directly to brand advertisers, typically charging a fixed fee measured by the number of impressions. Our public transit analytics platform for transportation entities operates on a subscription model, with fees based on the modules each entity subscribes to, such as infrastructure data module, bus route network analysis module and operation overview module. For other data analytics offerings, fees are determined through case-by-case negotiations, considering factors such as the computational resources required, volume of data processed and the complexity of the product design.

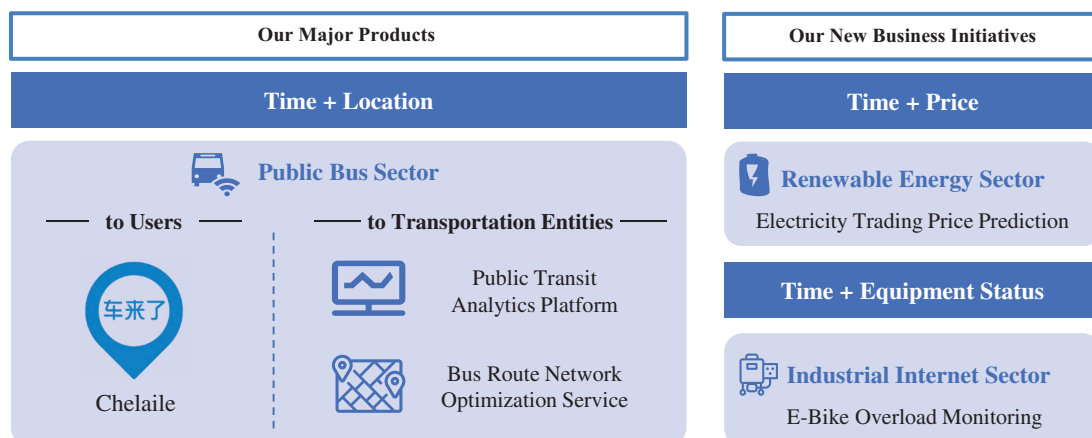
BUSINESS

We have built a robust technology stack to support our technological advancements and product development. Enhanced with big data analytics and AI technologies, the stack operates as a powerful engine executing a wide range of data processing tasks in milliseconds or less. Every day, it facilitates a comprehensive data processing cycle that encompasses cleansing, analyzing, storing, retrieving, and training on approximately 2.0 billion data points from various authorized sources. Our libraries of industry-specific AI models enable rapid adaptation and deployment across different sectors, speeding up product development while ensuring high quality and reliability through thoroughly validated codes, models, and modules.

Our revenue was RMB135.4 million, RMB174.5 million and RMB206.1 million in 2022, 2023 and 2024, respectively. Our gross profit was RMB98.8 million, RMB133.2 million and RMB157.4 million in 2022, 2023 and 2024, respectively, and our gross profit margin was 73.0%, 76.3% and 76.4% for the respective years. Our adjusted net profit (non-IFRS measure) was RMB9.8 million, RMB46.5 million and RMB54.2 million in 2022, 2023 and 2024, respectively, and our adjusted net profit margin (non-IFRS measure) was 7.2%, 26.6% and 26.3% for the respective years, respectively.

OUR OFFERINGS

Our products combine technologies and practical solutions for real-world problems. We follow a “time + X” product roadmap, where “time” represents the timestamps in our time series data that capture when events occur, and “X” stands for key model indicators such as location, price, and equipment status. Guided by this roadmap, we identify use scenarios that are well-suited for our big data analytics and AI technologies, which have led to the development of our major product line, “time + location.” Starting in the second half of 2022, we expanded our portfolio by launching two new product lines, “time + price,” and “time + equipment status,” leveraging our technological capabilities in new areas.



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Our Major Products

Time + Location focuses on enhancing the accuracy of real-time vehicle data and improving predictions for future travel times. Unlike fixed train timetables, bus schedules are subject to change, and GPS data is sometimes unreliable due to technical glitches or management issues. To tackle these challenges, we employ time series algorithms and machine learning models that not only rectify errors in existing data but also forecast future vehicle movements with high accuracy.

- Chelaile offers commuters up-to-the-minute updates on bus locations and estimated arrival times by leveraging real-time GPS data, user queries and search histories, and the aggregated data from buses and users. It elevates daily commute by reducing the uncertainty of wait times and the likelihood of missing buses.
- Our public transit analytics platform, a SaaS product for transportation entities, centralizes all relevant performance data from buses and Chelaile into a unified dashboard, enabling easy access and streamlined decision-making. Along with this platform, we help transportation entities optimize bus routes and promote the efficient use of route capacities, enhancing operational efficiency and service effectiveness.

Our New Business Initiatives

Time + Price addresses the fluctuating nature of pricing in various sectors. By analyzing price fluctuations over time, our products are designed to help customers navigate these changes to optimize earnings or operational strategies. For example, we are currently piloting a prototype of analytical tools for electricity market traders, empowering them to execute profitable trading strategies and optimize their investment tactics for enhanced financial returns.

Time + Equipment Status leverages the extensive networks of connected devices in distinct sectors such as transportation, machinery, and household appliances to monitor operational status and ensure safety. Our products aim to provide data insights into equipment health and predict failure probabilities, thus enabling operators to adjust operational plans and enhance efficiency. For instance, we are in the process of developing a monitoring tool for e-bikes that identifies overloading incidents and promptly notifies e-bike sharing operators of these compliance issues.

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OUR REVENUE MODEL

During the Track Record Period, we generated a majority of our revenue from mobile advertising services, and the remaining portion of our revenue was generated from data technology services. The following table sets forth a breakdown of our revenue by business line, in absolute amount and as a percentage of our total revenue, for the years indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Mobile advertising services	115,284	85.2	167,979	96.2	202,049	98.0
Data technology services.	20,095	14.8	6,557	3.8	4,088	2.0
Total	135,379	100.0	174,536	100.0	206,137	100.0

Mobile Advertising Services

Chelaile offers accurate real-time bus information, attracting users from various cities and towns in China who depend on our platform for their daily public transit updates. This vast user base and high user engagement make Chelaile a compelling choice for advertisers looking to amplify their visibility and brand recognition.

We generate revenue by offering mobile advertising services that allow advertisers to place display-based advertisements on Chelaile. These advertisements appear in different forms throughout Chelaile and are generally billed on a cost-per-mille basis, where advertisers pay for every thousand views or impressions their advertisements receive.

We sell advertising inventory on Chelaile either through collaborations with programmatic advertising platforms to advertisers, or directly to brand advertisers. We, as a media publisher, sell advertising inventory on Chelaile to advertisers on collaborating programmatic advertising platforms through an auction mechanism. The advertising fees charged by the platforms are determined based on the number of impressions received by advertisements placed on Chelaile. We also directly sell advertising inventory to brand advertisers, including brand owners across various industries and third-party advertising agencies representing them, and typically charge a fixed fee for such advertising services measured by the number of impressions.

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Data Technology Services

We generate revenue from (i) data-driven services primarily by delivering customized public transportation information packages; and (ii) information technology solutions, which include (a) access to and use of our public transit analytics platform to transportation entities and (b) other data related services customized to the specific demands of certain transportation entities and companies in other sectors. In 2022, 2023 and 2024, our revenue generated from data-driven services was RMB16.4 million, RMB3.0 million and RMB2.2 million, respectively, and our revenue generated from information technology solutions amounted to RMB3.7 million, RMB3.6 million and RMB1.9 million, respectively.

For our public transit analytics platform, we charge subscription fees based on the specific modules each transportation entity subscribes to. For other data technology services, the fees are determined based on case-by-case negotiations, taking into account factors such as computational resources required, volume of data processed and the complexity of product design. During the Track Record Period, we provided a one-time data technology service to a related party. See “Financial Information — Description of Major Components of Our Results of Operations — Revenue — Data Technology Services” for details.

OUR STRENGTHS

Leading Real-time Bus Information Platform in China

We hold a strong first-mover advantage in applying time series data to China’s public bus sector achieved through our technological expertise and in-depth understanding of bus transit systems. Chelaile, since its launch in 2013, has become a staple for commuters throughout China. It has cultivated a large user base, with over 298.4 million cumulative users as of December 31, 2024. The geographic reach of Chelaile extends to 466 cities and towns as of December 31, 2024. According to CIC, Chelaile is the largest real-time bus information platform in China by city coverage, spanning 274 cities as of December 31, 2024. Expanding on the data insights acquired through Chelaile, we also offer analytical offerings to address the needs of transportation entities. We help these entities improve their operational and management efficiency by monitoring real-time bus operation, improving the accuracy of bus data, optimizing bus routes, and planning new routes. In 2024, we ranked third in revenue among public bus information service providers in China, recording a revenue of RMB206.2 million, according to CIC.

Our leadership in the public bus sector has garnered recognition in professional circles. In 2018, we collaborated with World Resources Institution to publish a report at the World Bank Chinese Transportation Development Forum (世界銀行中國交通發展論壇). The report, titled “How Future Public Transit Will Change Cities” (未來公交改變城市), presents a systematic analysis of public bus data from 25 cities throughout China. In 2018 and again in 2022, our public transit analytics platform was recognized as a national pilot demonstration project for big data industry by the MIIT, being the only recipient of this honor within the public bus sector. Our public transit analytics platform was selected as an exemplary case by

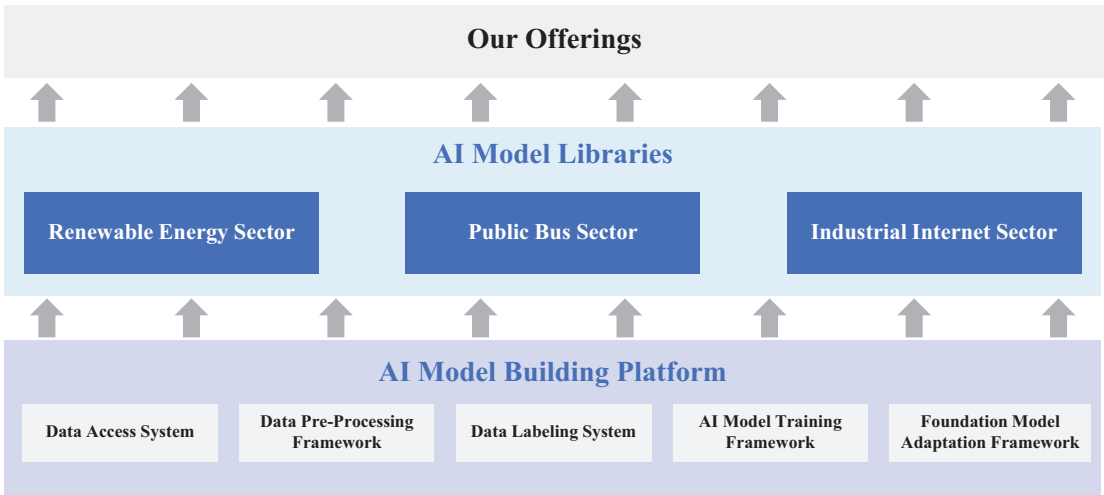
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China Association of Communication Enterprise Management (中國交通企業管理協會) in 2022 for its enhancements to management efficiency and intelligence in the public bus sector. Beyond these achievements, we have played an active role in establishing national standards for public transportation, including setting requirements for information management in urban public transport services, establishing performance evaluation specifications for urban buses and trolleybuses, and creating guidelines for urban mobility as a service platform in China.

Research and Development Excellence in Big Data Analytics

Our research and development capabilities drive our technological innovations and commercial achievements. Our research and development team consisted of 48 professionals as of December 31, 2024, with 93.8% of them holding a bachelor’s or higher degree in computer engineering, data analytics, AI technologies or other relevant areas. Our significant investment in technology has led to a substantial intellectual property portfolio, including 98 software copyrights, issued patents and 23 pending patent applications in China as of December 31, 2024, which spans a variety of technologies and methodologies, from data processing techniques to analytics models.

At the core of our research and development efforts is our technology stack, which is the powerhouse of our technology advancement and product development. This stack features an AI Model Building Platform and three industry-focused AI model libraries, providing a versatile toolkit for managing and analyzing time series data. The AI Model Building Platform integrates a wide array of frameworks, systems and tools to support a comprehensive data processing cycle, including cleansing, analyzing, storing, retrieving, and training on approximately 2.0 billion data points daily from various authorized sources. We use these high-quality datasets to continuously train our AI models and adapt them for diverse applications across public bus, renewable energy and industrial internet sectors. Our technology stack, incorporating rigorously tested and validated codes, models, and modules, enables us to accelerate our product development timeline and ensure high product quality.



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Our technology stack offers significant benefits:

- ***High data quality.*** Our data quality management framework ensures the delivery of high-quality, reliable data essential for precise analysis and forecasting. Given the massive volumes of raw data we receive from various providers, errors, discrepancies and redundancies are common, potentially degrading the quality of our datasets and the accuracy of our predictions. Leveraging a framework powered by machine learning, we streamline data profiling, cleansing, monitoring, and matching, as well as automation of data enrichment. These processes eliminate inconsistencies and outliers to bolster analytical precision and foster a uniform understanding of data. Our framework reduces the time and resources typically required for data cleansing and preparation, enabling efficient use of time series data to drive insights and improve decision-making. For instance, the version of Chelaile launched in February 2025 has reached a high accuracy rate of approximately 99.5% in displaying bus routes and approximately 97.8% in showing real-time bus locations, surpassing the industry average of approximately 90%, according to CIC.
- ***Fast data storage and retrieval.*** Our technology stack is capable of ingesting and processing high-throughput data streams from diverse sources in milliseconds or less. Every day, it handles over 540 gigabytes of real-time data from over 450 cities and towns, efficiently managing complexities related to data quality, timing, and stability. Our data indexing technology enables the rapid organization and indexing of vehicle data points from over 340,000 buses while serving approximately 24.8 million user queries each day, ensuring fast response times even during rush hours. Beyond the public bus sector, our stack is also instrumental in applications such as electricity trading, equipping energy traders with analytical tools for prompt price prediction and decision-making in real-time trading environments.
- ***Accurate prediction.*** We integrate big data analytics with an array of machine learning models, including recurrent neural network (RNN), long short-term memory (LSTM), and Transformer architecture. These models allow us to efficiently process large volumes of data, tackle non-linear and complex patterns, curate data assets with AI-driven rules, and enhance prediction accuracy. Moreover, we adapt and fine-tune foundation models with our industry insights for various use scenarios, further improving the prediction accuracy of our models for industry-specific tasks. Specifically, in the public bus sector, we have developed a proprietary spatial-temporal model for the demanding task of vehicle data extraction. Such model can precisely identify vehicle routes and bus stop locations in real-time, thereby enhancing the reliability of bus arrival time estimates and improving the accuracy of travel route predictions. Supported by such model, the version of Chelaile launched in December 2024 has achieved an accuracy rate of approximately 90.0% in predicting bus arrival times, outperforming the industry average, according to CIC.

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Efficient Product Development for Various Applications

Our technological prowess accelerates the innovation cycle, streamlining the process from new product development to market delivery. Utilizing general-purpose frameworks, systems, and tools on our AI Model Building Platform, we have created three industry-specific AI model libraries which enable us to effectively deploy our technologies across multiple use cases. For instance, our proprietary prediction models have been successfully repurposed for forecasting vehicle locations and movement trajectories, predicting electricity prices, and monitoring equipment status.

Our productization process is anchored by two main components: in-depth, sector-focused research and application of our technologies into product design. We form product development teams, typically consisting of one industry expert and two to four research and development specialists. These teams delve into the specific industry challenges and application needs, leveraging our expertise in big data analytics and AI technologies to create a range of algorithmic models for prototyping. Through pilot projects conducted with potential customers, we rigorously test the viability and effectiveness of our products within real-world scenarios. Following successful validation, we introduce these products to targeted markets, progressively expanding to broader industry applications.

An example of our methodology in practice is our public transit analytics platform, initially deployed for a transportation authority in Foshan, Guangdong Province. Over the course of eight years, this platform expanded to over 130 cities and towns in China, evolving into a suite of products and services that cater to various transportation management and operational needs, such as bus route network optimization. Building on this success, we have transferred our development model to other industries. For example, we are currently piloting a prototype of analytical tools for electricity market traders and developing a monitoring tool that identifies overloading incidents in e-bikes to ensure compliant usage. Both initiatives demonstrate the effectiveness of our development model.

Proven Business Models with Diverse Monetization Strategies

Our commercialization approach is strategically synchronized with our technology development and product design, employing distinct business models for offerings to individuals, businesses and governments. Such approach not only ensures our profitability but also contributes to our efficient business operations.

Chelaile has established itself as a trusted platform for commuters seeking accurate, real-time bus information and forecasts. It had amassed cumulative a user base of over 298.4 million as of December 31, 2024, with average MAUs of approximately 29.1 million in 2024. Such a substantial and engaged user base has created significant advertising opportunities. We primarily monetize through digital advertising, partnering with programmatic advertising

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platforms that connect us to a broad range of advertisers. Our revenue from mobile advertising was RMB115.3 million, RMB168.0 million and RMB202.0 million in 2022, 2023 and 2024, respectively, accounting for 85.2%, 96.2% and 98.0% of our total revenue for the respective years.

Building on the organic growth of our business, we are poised to further amplify our success by diversifying our revenue streams. Leveraging the extensive user and bus data along with industry insights derived from Chelaile, we broadened our offerings to include an increasing number of transportation entities. With access to real-time GPS data from these entities, we deliver purpose-built transit analytics products and services that enhance data quality, improve operational efficiency, and support sophisticated bus route planning. Moreover, as we explore new sectors and application scenarios since the second half of 2022, we aim to further refine and promote our revenue models with a diverse customer base, including electricity market traders and e-bike sharing operators, to keep pace with changing industry dynamics.

Visionary Leadership Fuels Innovation in Data Intelligence

Our management team combines visionary leadership with a deep understanding of technology and industry-specific knowledge, guiding our Company toward continuous advancements in the data intelligence field. Dr. Sun, our chief executive officer, holds a Ph.D. in computer software and theory from Peking University and previously worked at the IBM China Research Laboratory. His invaluable experience helps drive our technological strategies forward. Mr. Xu Cheng, our chief development officer, contributes over 15 years of experience in business development. He previously served as deputy general manager at the software division II of Datang Software Technologies Co. Ltd., which equipped him with insights essential for succeeding in complex regulatory and operational landscapes. Ms. Qian Jinlei, our chief operating officer, with her master’s degree in computer software and theory from Peking University and her extensive experience in the technology sector, brings with her a pragmatic approach to enhancing operational efficiency and product development. Ms. Lu Lu, our chief financial officer, previously the chief financial officer of Sunlands Technology Group (NYSE: STG), offers a wealth of experience in financial management and capital operations, supporting our forward-thinking financial strategies.

OUR STRATEGIES

Advance Technology with a Focus on Time Series Data Foundation Models

We are committed to continuously enhancing our technology stack, thereby strengthening the foundations of our data analytics and product development efforts. To achieve this, we plan to allocate (i) approximately [REDACTED] of the net [REDACTED] from the [REDACTED], or HK\$[REDACTED], to purchase high-performance GPUs as well as associated software, hardware, and network resources from Chinese companies, and to cover maintenance costs, (ii) approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED] to license in high-quality data and expand our data storage capacity, and

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(iii) approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED] to recruit technical experts specialized in AI technologies, focusing on areas such as model fine-tuning, prompt engineering, agent systems, inference optimization, and big data processing. Additionally, we intend to allocate approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED], to acquire third-party AI technologies, including large language models, speech recognition technology, and image and video generation technology.

We will also focus on developing foundation models for time series data, leveraging our extensive dataset repository. To this end, we intend to allocate approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED], to recruit specialists in the areas such as time series model training, inference optimization, and big data processing. Such models will be initially tailored to meet the specific needs of transportation entities, ensuring they effectively tackle industry-specific needs and requirements. Following a successful deployment in the public bus sector, we intend to expand the use of these models to a variety of other industries. This phased approach allows us to continuously refine our models to meet the unique needs of each sector and expand our technological influence across diverse industries.

Further Broaden Our Product Offerings and Expand International Presence

We aspire to meet the growing needs of individuals, businesses, and governments through our data analytics offerings. For Chelaile, we plan to introduce an expanded suite of AI-enabled features and refine existing functionalities based on user feedback to enhance user experiences and increase engagement. Leveraging our proven success in the public bus sector, we are also developing innovative data analytics offerings tailored to the evolving needs of various industries. To achieve this, we plan to allocate approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED], to recruit a team of product development experts.

To accelerate our development cycle, we are focusing on developing standardized products equipped with versatile frameworks, systems, and modules that tackle common challenges in the industry. Such approach will streamline the development process, enhancing efficiency from conception to delivery, and ultimately increasing our profitability. By employing a standardized and modular design, we ensure our products are developed swiftly, easily adapted to diverse industry requirements, and optimized for maximum market potential.

In parallel with broadening our product offerings, we also plan to expand our presence in international markets. We have entered the Hong Kong market and expect to further extend into other overseas markets. Such efforts support our gradual regional expansion and reflect our intent to serve a wider range of users and partners beyond mainland China.

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Continue to Expand Our Sales and Marketing Efforts

Sales and marketing serve as the vital link connecting our offerings with our customers. We plan to further enhance our marketing strategies for Chelaile and explore opportunities in new industries that could benefit from our offerings. For Chelaile, we are implementing a multi-channel marketing strategy that includes both online and offline campaigns to expand its geographical coverage, particularly in tier-3 cities and below, while also increasing its user base. Online, we plan to broaden our audience and strengthen brand awareness through targeted advertising on websites and social media platforms. Offline, we will deploy advertising on buses and billboards strategically placed in high-traffic areas.

Additionally, we aim to tap into emerging markets with significant potential for utilizing and monetizing time series data. To promote our new data analytics offerings for businesses and governments, we are focusing on building strong relationships through our business development team. This team will work closely with various industries to identify and address specific challenges with our analytical offerings. Furthermore, we will establish our reputation in the field by hosting webinars for existing and potential customers and publishing white papers at industry conferences and forums. We plan to allocate approximately [REDACTED] of the net [REDACTED], or HK\$[REDACTED], for sales and marketing efforts to enhance our market presence and brand recognition.

Enlarge Our Talent Pool

As our business grows, attracting and retaining top talent remains a priority. We aim to establish a workspace that is human-centric, highly adaptable, and flat in structure, promoting both sustainability and flexibility.

We strive to foster a collaborative corporate culture, offer competitive compensation, and provide ample career advancement opportunities. Specifically, we plan to continue investing in professional development through a series of training programs that cover both pre-employment and ongoing learning, ensuring our team is well-equipped to meet and excel in the rapidly evolving marketplace. We believe that our efforts to build a resilient and knowledgeable workforce will drive our continuous progress.

Pursue Strategic Alliances and Investment Opportunities

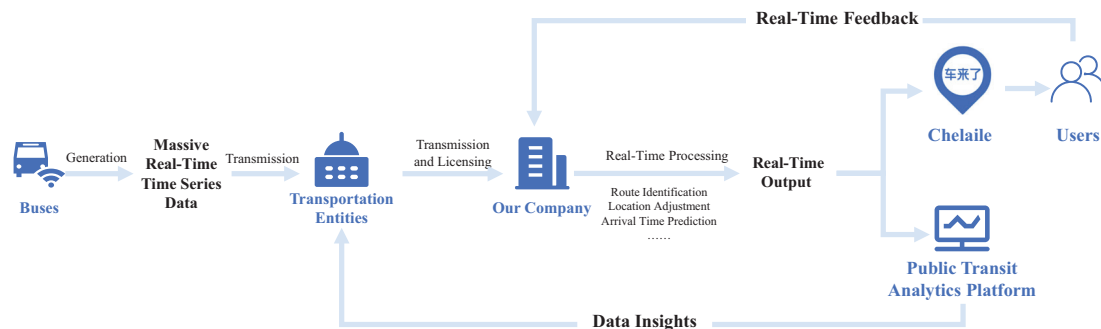
Our expansion strategy focuses on forming strategic alliances and making targeted investments that align with our technological and development goals. We aim to explore partnerships and seek investment opportunities in AI technologies, intelligent hardware, and industrial internet to enhance our offerings. Leveraging our extensive industry experience, we are well-positioned to efficiently identify and capitalize on strategic alliances and investment opportunities that support our strategic objectives in a timely manner. As of the Latest Practicable Date, we had not identified any specific strategic alliances or investment targets.

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“TIME + LOCATION” OFFERINGS

Our initial focus was on the public bus sector, recognizing the wealth of location data generated as buses traverse city routes. On the supply side, buses equipped with GPS devices transmit real-time location data to a central system managed by transportation entities, including local authorities and companies. These data points with timestamps form the basis for in-depth time series analysis and computation of expected arrival times. On the demand side, accurate predictions are vital for both commuters and transportation entities. The absence of precise bus arrival information may lead to extended waiting periods and the risk of missing buses for commuters, disrupt their travel plans and cause frustration. Additionally, inaccuracies in bus schedules may result in longer journey times, unnecessary transfers, and the discomfort of overcrowded buses during peak travel periods. For transportation entities, the lack of accurate predictions complicates the process of efficient bus scheduling and hinders their ability to provide quality services and deal with unforeseen circumstances such as accidents or road closures.

With the aim to enhance information reliability for commuters and operational reliability for transportation entities, we obtain real-time GPS data and historical route information through licensing agreements with transportation entities, processing this data with cloud-based analytics to uncover patterns and changes in bus movements and trajectories.



How we obtain data. According to CIC, buses in China are generally equipped with vehicle-tracking devices and sensors to gather real-time location data, which is initially sent to the bus companies operating the bus fleets and then is relayed to the local transportation authorities overseeing bus companies’ operations. Typically, we enter into agreements with transportation entities to access and use their bus data for subsequent processing. See “— Our Suppliers — Arrangements with Certain Transportation Entities” and “— Our Customers — Subscription Agreement with Certain Transportation Entities” for salient terms of our agreements with transportation entities and “— Data Privacy and Protection — Bus Data Governance Framework” for our governance and management framework of data obtained from transportation entities. During the Track Record Period, all the real-time bus data used by

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our platform has been obtained through subscription, licensing and/or cooperation agreements with transportation entities. As of December 31, 2024, our collaborative network had expanded to 466 cities and towns in China, which enables us to rapidly amass a vast collection of bus time series data for analytics.

Who we benefit. Our offerings extend benefits to both commuters and transportation entities through Chelaile and data analytics offerings.

- ***Commuters.*** Chelaile leverages time series data analytics to offer commuters real-time updates on bus arrivals, significantly enhancing their journey planning efficiency and ease. It also provides detailed information on current bus location, upcoming stops, and estimated arrival times at destinations, allowing commuters to make informed decisions about their routes. By using Chelaile, commuters can minimize waiting times and avoid the inconveniences of delays, overcrowding or unsuitable connections.
- ***Transportation entities.*** We empower transportation entities with our data analytics offerings to optimize bus scheduling and resource allocation, and minimize operational costs. By analyzing both historical and real-time bus data, our offerings help identify patterns of delays, bottlenecks and congestion, enabling them to enhance service reliability and efficiency. Furthermore, our data analytics offerings, which leverage user queries and congestion levels acquired from Chelaile, offer data-driven insights into commuter traffic patterns and peak travel times, assisting transportation entities in better managing capacity and improving the overall commuter experience.

How we evolve over time. We consistently create value for both commuters and transportation entities through harnessing user data insights, advancing technology, and implementing data quality management, which not only enables us to improve commuter engagement by offering accurate, real-time bus information but also strengthens our partnerships with transportation entities through providing data analytics tools.

- ***Data insights.*** By securing user consent, we analyze behavior and patterns derived from interactions with Chelaile, which include pinpointing popular bus routes and stops, discerning preferred journey plans, identifying peak travel times, and collating user feedback. These critical insights fuel our data analytics offerings, empowering us to provide useful intelligence to transportation entities. Additionally, our continuous upgrades, validation, and refinement of historical and real-time bus data archived in our database facilitate the ongoing optimization of bus schedules and routes, ensuring that the services offered by transportation entities align with the genuine needs and preferences of commuters.

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- *Technology advancement.* Our expanding technology capabilities enable us to continually hone our data analytics tools. Leveraging AI technologies such as RNN and LSTM, we can pinpoint essential factors affecting commuter flow, generate aggregate predictions for bus lines within extensive metropolitan areas, and timely identify service anomalies to improve reliability, convenience, and accessibility.
- *Data quality management.* Our data quality management framework ensures the accuracy and integrity of the bus time series data we use. We believe our framework is critical for amplifying the efficacy of our analytics and, consequently, for refining the decision-making processes of transportation entities. By implementing stringent data validation and cleansing procedures, we minimize errors and enhance data reliability. Our quality management practices also include tracking data changes over time, providing information to uncover discrepancies and maintaining data integrity.

Chelaile

Chelaile offers commuters easy access to accurate real-time information on bus routes, enhancing their travel experience by alleviating concerns about unpredictable waiting times and helping them avoid missing buses. The high-level user engagement and interaction create significant monetization opportunities. We capitalize on these opportunities by selling advertising inventory to advertisers.

Offerings to Users

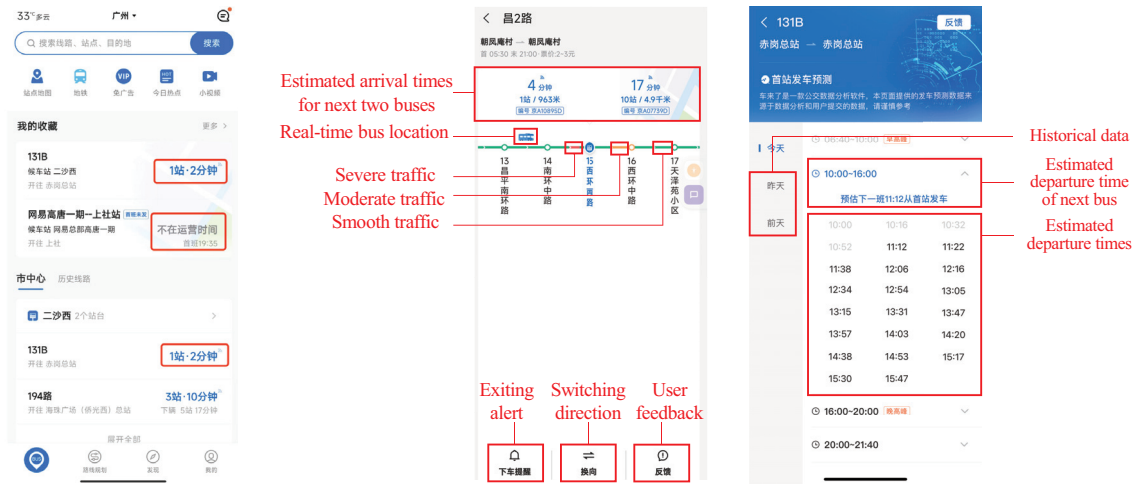
We aspire to make Chelaile an all-in-one platform that provides accurate, real-time bus information, making it the top choice for bus riders in China. Chelaile provides commuters with a variety of functionalities as follows:

Estimated time of arrival. Users can effortlessly access the estimated arrival time of the next buses for nearby bus routes or those marked as favorites from Chelaile’s home page. By selecting a specific bus route, users are directed to a separate page that furnishes details about the chosen route. This page offers an array of bus-related information, including real-time travel updates such as the estimated distance and arrival time of the next two buses approaching the user’s nearest bus stop.

Real-time traffic. Chelaile offers users real-time traffic updates for specific bus routes through a color-coded system. Segments of the route between two adjacent bus stops are marked in green, yellow, or red, reflecting current traffic conditions on the relevant roads or streets. Users can access this information on their mobile devices, allowing them to view estimated travel times and anticipate potential delays caused by traffic congestion, accidents, or road closures.

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Estimated departure time. Chelaile provides users with estimated bus departure times, utilizing historical data sourced from transportation entities and user-contributed information. Such feature allows users to view the anticipated times buses will leave from the initial stop on a route, along with the frequency of departures at different times throughout the day. By offering these detailed departure schedules, Chelaile enables users to plan their trips more effectively and minimize waiting times at bus stops.



Estimated arrival time

Real-time traffic

Estimated departure time

Rider alerts. Chelaile offers two alert features, arrival alerts and exiting alerts, to enhance commuters' experiences by providing a more informed and stress-free journey. Through the arrival alerts, users can set their preferred bus route and corresponding bus stop to receive timely notifications when the approaching bus is nearing the selected stop. Using exiting alerts, users can specify the bus stop where they intend to disembark, and Chelaile will send a reminder as the bus approaches the designated stop.

Bus route details. Users can access key details about their selected bus route on Chelaile, including fares, operating hours and distance. Moreover, Chelaile also gathers and displays official announcements issued by transportation entities. This serves to alert users to updates concerning the selected bus route, such as schedule adjustments and detours.

Bus stop map. For each designated bus stop, Chelaile displays all relevant bus routes that pass through, alongside real-time updates for each route within the same interface. Users can easily switch to the bus stop in the opposite direction with just one click, accessing similar information without needing to navigate back to the city map.

Route planning. Route planning offers users various transit options for traveling from one location to another. Users can initiate a transit route search simply by entering a destination. The default starting point for each planned route is the user's current location but can be manually changed to any other address.

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Users access Chelaile primarily through mobile app, Weixin mini program and Alipay mini program. We have also designed accessible versions of Chelaile mobile app for the convenience of the blind and the elderly.

Technological Foundations of Chelaile

Chelaile’s accuracy, reliability and high performance are rooted in two key technological strengths: data quality management and model development. These strengths are integrated throughout the critical stages of Chelaile’s operations, from the collection of raw bus data to the application of processed data in AI model training.

Our data quality management addresses the challenges posed by the large volumes of raw bus data, which often include errors and redundancies. Chelaile collects data from diverse sources, including GPS devices on buses provided by transportation entities, network data from third-party websites and user feedback and interactions. Such raw data is ingested into our system and processed using an AI-driven framework that handles profiling, cleansing, monitoring, matching and enrichment. By removing inconsistencies and outliers and enhancing data accuracy, the framework improves analytical precision, enables consistent data interpretation and accelerates decision-making. For example, the version of Chelaile released in February 2025 processes this data to achieve a high accuracy rate of approximately 99.5% in displaying bus routes and approximately 97.8% in showing real-time bus locations, surpassing the industry average of approximately 90%, according to CIC.

Chelaile’s effectiveness is further supported by our ability to develop effective models that transform data into actionable insights. Once the data is cleansed and enriched, it is directly applied to model training and prediction systems. Our model development approach integrates big data analytics with machine learning algorithms, enabling the processing of large volumes of structured and unstructured data, the identification of complex patterns, and the implementation of AI-driven rules to optimize predictions. AI technologies are further used to enhance programming, data management, workflow scheduling, containerization, orchestration and configuration processes, optimizing the efficiency of filtering, aggregating and analyzing data over time intervals, which leads to better resource allocation and model performance. We have also developed an AI model training framework that spans the entire model lifecycle, from data ingestion and preprocessing to deployment and evaluation. Processed data is continuously fed into these models to improve predictions, such as bus arrival times. The version of Chelaile launched in February 2025 has achieved approximately 90% accuracy in predicting bus arrival times, significantly outperforming the industry average, according to CIC.

By integrating AI technologies throughout its operations, Chelaile exemplifies the application of analytics and machine learning in the public bus sector. Building on our strengths in data quality management and model development, we will continue to advance our technological development in new areas such as the renewable energy and industrial internet sectors. See “— Our Technology” for more details.

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Geographic Coverage of Chelaile

We operate Chelaile in various cities in China, ranging from tier-1 and emerging tier-1 cities to tier-3 cities and smaller locales. The table below sets forth the geographic coverage of Chelaile by city tier as of the dates indicated:

	As of December 31,		
	2022	2023	2024
Tier-1 and emerging tier-1 cities	18	18	19
Tier-2 cities.	30	30	30
Tier-3 and below cities	357	399	417
Total number of cities and towns covered	405	447	466

We have been expanding our footprint in China, starting with emerging tier-1 or tier-2 cities in China, where there is a high reliance on bus transit and a significant demand for accurate, real-time bus information for daily commutes. Leveraging massive bus data and the experience gained from operating Chelaile in these cities, we have continued our expansion into lower-tier cities and towns, which helps expand our geographic reach, enrich our time series datasets and improve the brand awareness of Chelaile. In selecting the cities and towns for Chelaile, we take into account various factors, including city size, population, complexity of bus route network, as well as local government policies and our relationship with local transportation entities. Meanwhile, we establish quality thresholds for bus data, number of operating buses, size and density of commuting population as we enter the public bus market in lower-tier cities and towns. For instance, when we plan to enter a new city or town, we first establish cooperating relationships with local transportation entities which possess bus data or are authorized to license it to us. We then estimate the potential costs for launching Chelaile in that area by considering factors such as the commuting population, the number of buses in operation and the bus route network. If our assessment indicates that we are unlikely to recoup our investments due to a small commuting population, a limited number of operating buses, or a simplistic bus route network, we may decide not to enter the public bus market in that area. Through careful evaluation, we had successfully deployed Chelaile in 466 cities and towns nationwide as of December 31, 2024, including all tier-1 and emerging tier-1 cities, tier-2 cities, and 417 tier-3 cities and below.

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Our Chelaile Users

The expanding geographic coverage and satisfactory performance of Chelaile continue to drive the growth of our user base. To further enhance user engagement, we have continually enriched the functionalities of Chelaile and implemented various initiatives, including our membership system and user feedback mechanism. The following table sets forth the selected indicators of Chelaile as of the dates indicated or for the years indicated:

	As of/For the Year Ended December 31,		
	2022	2023	2024
	<i>(in thousands)</i>		
Cumulative users	230,286	263,703	298,418
Average MAUs ⁽¹⁾	21,473	25,260	29,082

Note:

- (1) Calculated by dividing the sum of MAUs for each month during a year by the number of months in the same year.

Our Membership System

We offer access to Chelaile to users for free. To improve user experience, users can upgrade their status to members by paying a membership fee. Members enjoy certain perks, such as the ability to bypass most advertisements within Chelaile. Membership fees are charged on a monthly, quarterly or annual basis at members’ options, typically ranging from RMB7.6 to RMB10.6 per month per user on average. During the Track Record Period, revenue generated from membership fees was insignificant.

User Feedback and Complaints

Users can submit inquiries, feedback, or complaints within Chelaile at any time. Upon receiving these, our designated user service team will investigate the reported issues to provide users with timely feedback and viable solutions. As to technical issues raised by users, such as inaccurate estimation of bus arrival time, our user service team first reports them to data quality control personnel. Our data quality control personnel then work closely with research and development team to tackle reported technical issues, aiding in the fixing of technical glitches and improving the overall user experience on Chelaile.

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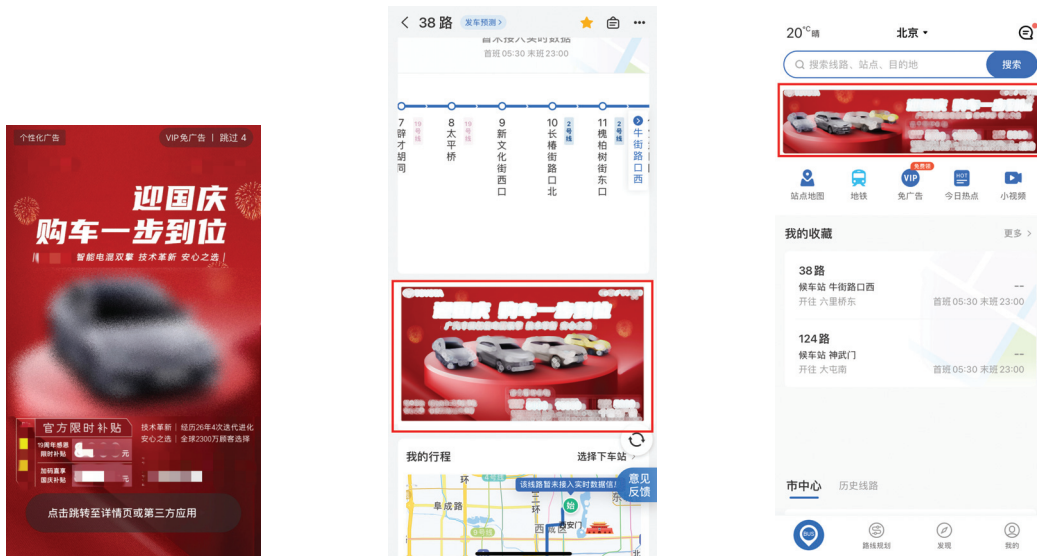
User Data Privacy and Protection

With users’ consent, we analyze their behavior and patterns derived from interactions with our Chelaile such as their page views and navigation preferences, which include pinpointing popular bus routes and stops, discerning preferred journey plans, identifying peak travel times, and collating user feedback. We may also collect users’ personal information, such as their mobile phone numbers or location information. To ensure the security and confidentiality of the statistics derived from Chelaile users, we have implemented data security and protection protocols that cover various aspects of data management, including data classification, oversight of the data lifecycle (including collection, storage, use, transmission, processing, disclosure and deletion) and stringent confidentiality procedures. See “— Data Privacy and Protection.”

Mobile Advertising Services

The vast user base and high user engagement make Chelaile an attractive platform for advertisers seeking to amplify their visibility and brand recognition. There is no localization or concentration of advertisement placement on Chelaile by city tiers, industries or brands. Advertisers on Chelaile span a range of industries, including e-commerce, consumer services, finance, live streaming, travel and automotive.

We offer mobile advertising services to advertisers through Chelaile, including mobile app and Weixin official account. Advertisers can place advertisements or marketing campaigns on Chelaile in various formats, such as splash screens, feed advertisements, interstitial advertisements, banner advertisements and homepage icons. These advertisements can be displayed as text or images, with exposure times of up to 60 seconds for most formats, and no time limit for homepage icons.



Splash screen advertisement

Feed advertisement

Banner advertisement

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The advertisements on Chelaile are primarily display-based. The fees for these advertisements are determined by cost-per-mille, where advertisers pay based on every thousand impressions. In 2024, we recorded over 26.9 billion advertisement impressions on Chelaile. We sell advertising inventory on Chelaile either through collaborations with programmatic advertising platforms or directly to brand advertisers. We collaborate with programmatic advertising platforms to reach a broad range of advertisers, especially long-tail advertisers. Meanwhile, brand owners, such as automobile manufacturers, value Chelaile for its growing base of users who are likely to be their target customers.

In addition to advertising through Chelaile mobile app, we generate advertising revenue through Chelaile’s official account on Weixin by publishing customer advertisements in the form of articles. We offer both headline and subheadline advertisement placements and assist advertisers in reviewing and adjusting content to comply with relevant advertising laws and platform rules. By leveraging Chelaile’s Weixin user base, we help attract user attention and provide exposure opportunities for advertisers. In 2022, 2023 and 2024, we served seven, seven and seven customers through advertising on Chelaile’s Weixin official account, and revenue from our Weixin official account reached RMB2.9 million, RMB1.0 million and RMB0.1 million, accounting for 2.2%, 0.6% and 0.1% of total revenue for the respective years.

The following table sets forth a breakdown of revenue generated from our mobile advertising services by the type of customers for the years indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Programmatic advertising platforms	100,979	87.6	149,222	88.8	191,956	95.0
Brand advertisers	14,305	12.4	18,757	11.2	10,093	5.0
Mobile Advertising Services . . .	115,284	100.0	167,979	100.0	202,049	100.0

Programmatic Advertising Platforms

We work with programmatic advertising platforms to monetize the advertising inventory on Chelaile. These platforms operate as real-time marketplaces that connect media publishers like us with advertisers, facilitating the efficient buying and selling of digital advertising space. In 2022, 2023 and 2024, we cooperated with 31, 45 and 61 programmatic advertising platforms, respectively.

The core of our collaboration is an auction-based mechanism. Advertisers participate through programmatic advertising platforms and submit bids for specific advertising slots on Chelaile by specifying the maximum amount they are willing to pay for impressions, clicks or other user actions. The system of the relevant programmatic advertising platform automatically

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evaluates these bids in real time, and the highest bid that meets the platform’s criteria (such as relevance and targeting, expected click-through rate, landing page quality, compliance and frequency caps) is selected as the winner. Once a winning bid is selected, the corresponding advertisement is instantly placed in the chosen slot. Such automated process improves inventory utilization and minimizes the need for manual intervention. See “Industry Overview — Overview of China’s Mobile Advertising Service Market” for details on the mechanism of programmatic advertising platforms.

Partnering with programmatic advertising platforms enables us to reach a wide range of long-tail advertisers in China, which supports competitive pricing for each impression and allowing for highly targeted advertisement placements. By delivering advertisements that are more relevant to our users, we enhance user engagement and maximize revenue potential.

To optimize our advertising process, we have developed an advertising operations system that uses time-series data algorithms to analyze pricing trends from the previous day. This analysis helps identify price ranges that are likely to generate more bids for our advertising inventory. Based on these insights, our advertising team sets initial pricing on the programmatic platforms we partner with. We continuously monitor key metrics, such as user traffic and fill rates, to assess the performance of our inventory, making necessary price adjustments in real time to align with market conditions and platform activity to optimize advertisement placements.

Our business department initiates discussions with prospective programmatic advertising platforms to explore potential collaborations. After verifying the qualifications of these platforms and ensuring their advertisement contents comply with legal regulations and our internal review standards, our product and technology teams work closely to integrate these programmatic advertising platforms with our systems. For details of our review process, see “— Advertisement Content Review.” Prior to the official launch of advertisements, we conduct a small-scale traffic test to assess performance metrics, ensuring alignment with expected performance standards and overall system stability.

We generally enter into one-year agreements with programmatic advertising platforms. Under such agreements, programmatic advertising platforms manage the entire auction process and provide advertising services along with technical support to the advertisers participating in the bidding, while we are responsible for ensuring that our advertising inventory is available for advertisement placement or other marketing campaigns. The determination of advertising fees by the platform is based on the number of impressions and is assessed on a case-by-case basis. See “— Our Customers — Agreement with Programmatic Advertising Platforms” for the salient terms of a standard agreement with the programmatic advertising platforms.

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Brand Advertisers

We also directly sell advertising inventory to brand advertisers, which include both brand owners and third-party advertising agencies representing them. In 2022, 2023 and 2024, we provided advertising services to 33, 25, and 20 brand advertisers, respectively. This declining trend was primarily due to our strategic shift toward increased collaboration with programmatic advertising platforms, which connect with a wide range of large and long-tail advertisers in China. Through these collaborations, we aim to expand our reach to a broader range of advertisers, including long-tail advertisers, and optimize the utilization of Chelaile’s advertising inventory.

Pursuant to our advertising service agreements with brand advertisers, we offer designated advertising inventory on Chelaile to promote the products or services specified by the brand advertisers. We typically charge fees for such advertising services, which are determined based on advertising effectiveness measured by the number of impressions.

Allocation of Advertising Inventory

We receive advertising inventory requests from both programmatic advertising platforms and brand advertisers. Typically, we reserve specific advertising inventory during the designated time periods requested by brand advertisers. The remaining available inventory is then sold through programmatic advertising platforms. Such approach enables us to maintain solid relationships with brand owners and optimize the utilization of our advertising inventory through the auction mechanism of the programmatic advertising platforms.

Advertisement Content Review

We are obligated to monitor the content of advertisements on Chelaile to ensure that it is true, accurate and in compliance with applicable laws and regulations, while advertisers are ultimately responsible for the content of their advertisements on Chelaile. If regulatory authorities find that any advertisement content does not comply with these laws and regulations, they may instruct us to limit or remove such ads. Additionally, these authorities can impose penalties, including fines, confiscation of advertising revenue, or even the revocation of our licenses for serious violations. As advised by our PRC Legal Advisor, advertising operators or publishers, such as Chelaile, who know, or should have known, that the content of advertisements is false and/or illegal but still proceed with the design, production, agency representation, or publication of such advertisements may face penalties including the confiscation of advertising fees and/or fines. If the advertising fees are incalculable or significantly below the standard, such advertising operators or publishers may be subject to fines ranging from five to ten times the amount of the advertising fees, or up to RMB2 million. See “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Litigations and Compliance — Advertisements shown on Chelaile may subject us to penalties and other administrative actions” and “Regulatory Overview — Regulations Relating to Advertising Business.”

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To mitigate these risks, we review advertisement content and marketing campaigns prior to placement for brand advertising and typically within one business day after the content is published for programmatic advertising, ensuring compliance with applicable laws and regulations, as well as the guidelines from our programmatic advertising partners. We have a specialized review team consisting of four members, responsible for implementing the advertisement content review measures we have adopted. Any non-compliant advertising content is immediately blocked by the team, and cases that cannot be addressed internally are escalated to the respective advertising platforms for further action. The head of our review team, who has about six years of experience in advertising operations and content review, plays a key role in establishing and updating our internal review standards.

We also apply measures to review the content of all brand advertisements before placing them on Chelaile to make sure they meet our placement standards. Our internal guide specifies the review process requirements, prohibited advertisement categories, qualification and content standards for different industries, and applicable advertising laws and regulations. The guide is regularly updated to reflect changes in legal and regulatory requirements.

In accordance with the guide, we verify the identities, addresses, contact information and advertisement content of advertisers for brand advertising, and enter into agreements only with established or well-regarded brands. Before agreement execution, we review the proposed advertisement content and advise advertisers on necessary modifications to comply with legal standards, proceeding with execution only after the required changes are made.

For programmatic advertising, we vet the advertisement content review policies of programmatic advertising platforms before establishing collaboration agreements and only partner with reputable and large-scale platforms in China, which have in place stringent internal review mechanisms aligning with our internal standards for advertisement contents. Under the terms of our collaboration agreements, the advertisements are directly placed with these platforms, which are responsible for reviewing and screening the advertisement contents to be published on Chelaile and assume accountability for any inappropriate contents. Following the programmatic advertising platforms’ initial screening, we conduct secondary sample reviews of advertisement content after advertisers submit winning bids and their advertisements are published on these platforms, a process typically completed within one business day. According to CIC, it is an industry norm that advertising service providers conduct sample reviews on published programmatic advertisement content, due to technical constraints. To support this, we have developed an identification and review system that automatically screens all published content, identifying and flagging inappropriate content, such as blacklisted sensitive words. Flagged content is forwarded to our review team for in-depth review based on a sampling approach. Duplicate or repetitive samples are filtered out to ensure the team can concentrate on representative and unique samples, enhancing the efficiency and accuracy of the review process. Any advertisement confirmed to contain inappropriate content is promptly rejected, and the advertising inventory is released for use by other bidders. Our PRC Legal Advisor is of the view that these measures comply with the relevant PRC laws and regulations and effectively ensure the legality of advertisement content.

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For brand advertising, we employ a meticulous two-tiered review process to ensure that all advertisements displayed on Chelaile adhere to relevant laws and regulations. We have established internal guidelines for reviewing advertisements, which outline the types of advertisements prohibited by laws and regulations, as well as the qualification requirements and review criteria widely accepted by industry. Our business department conducts the initial review of advertisements. The head of the business department decides whether to collaborate with brand owners and third-party advertising agencies based on the initial review. Our legal department is responsible for the final review of the advertisements. Both the qualifications of the brand owners and third-party advertising agencies, as well as the content of the advertisements, are reviewed by both of our business and legal departments to ensure compliance and maintain the integrity of our internal guidelines.

As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we have not received any fines or penalties due to inappropriate, inaccurate or unverifiable content in advertisements displayed on Chelaile. According to CIC, our content review practices align with industry standards.

Moreover, we provide periodic trainings on the applicable laws and regulations, as well as guidelines and policies published by our collaborating programmatic advertising platforms to our review team and other staff members. From time to time, our review team collaborates with our legal department to continuously update blacklists of inappropriate words or expressions relevant to different industries. We also assess user feedback and complaints regarding advertisements on Chelaile and take necessary actions to address their concerns. Based on the above, as advised by our internal control consultant, we believe our internal control measures are effective in safeguarding our interests in advertisement content review and compliance with applicable laws and regulations in all material aspects. Based on the independent due diligence work conducted by the Sole Sponsor and taking into account the views and basis of our Company, our PRC Legal Advisor, the Sole Sponsor’s PRC Legal Advisor, CIC and the internal control consultant, nothing has come to the attention of the Sole Sponsor that would reasonably cause the Sole Sponsor to cast doubt on our view on effectiveness of internal control measures in any material aspects.

Transit Analytics Offerings

Our collaboration with transportation entities through Chelaile provides us with a unique advantage, enabling us to engage closely with them and gain deep insights into their specific needs and requirements. Our collaborating transportation entities comprise bus companies responsible for daily operation of bus fleets, and local transportation authorities that formulate transportation policies and oversee the operations of bus companies. We have established mutually beneficial relationships with numerous transportation entities in China. We provide these entities with data analytics offerings that help them control costs, elevate operational efficiency, and improve their decision-making processes. In exchange, on a case-by-case basis, these transportation entities grant us access to their real-time bus data, ensuring a stable and reliable flow of bus data for analytics and model training. In 2022, 2023 and 2024, we

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collaborated with 206, 261 and 295 transportation entities, respectively. The steady increase in the number of transportation entities in collaboration during the Track Record Period was primarily driven by our efforts to expand Chelaile’s geographic coverage and grow our business.

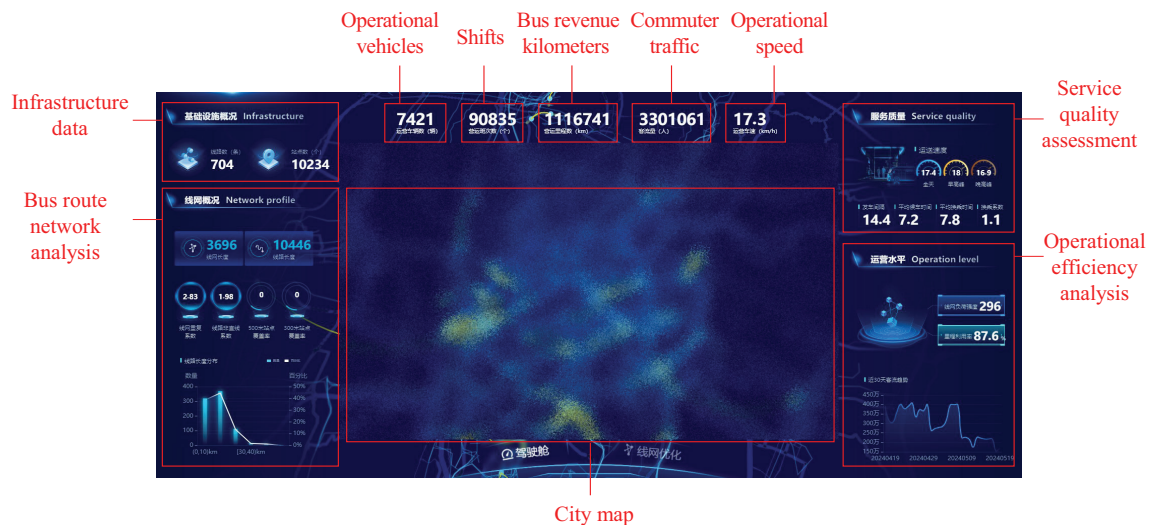
Offerings to Transportation Entities

During the Track Record Period, we primarily provided transportation entities with our public transit analytics platform and bus route network optimization services tailored to their specific needs.

Public Transit Analytics Platform

According to CIC, buses in operation in China generated over 1,000 terabytes of time series data from onboard sensors in 2024, including information such as vehicle real-time location, passenger boarding time, stop duration and unplanned detours. However, transportation entities generally lack the capability to process these extensive data streams effectively.

Our public transit analytics platform provides these entities with effective data analytics tools to extract useful insights from the vast amounts of bus data. Additionally, this platform also enables us to establish strategic cooperation with transportation entities to secure and maintain a stable source of bus data. Such reciprocal relationship enhances our service capabilities in the public bus sector. See “— Our Suppliers — Arrangements with Certain Transportation Entities” for the salient terms of a cooperation agreement with transportation entities.



Dashboard of Public Transit Analytics Platform

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Our public transit analytics platform operates as a unified source of public transportation data, allowing transportation entities to access a diverse range of information through a single dashboard, thereby facilitating real-time navigation and analysis of all pertinent data. Key modules and features of our public transit analytics platform include:

Infrastructure data. This module provides an aggregated count of bus routes and stops under the operation or supervision of each transportation entity, offering a clear view of the bus infrastructure landscape.

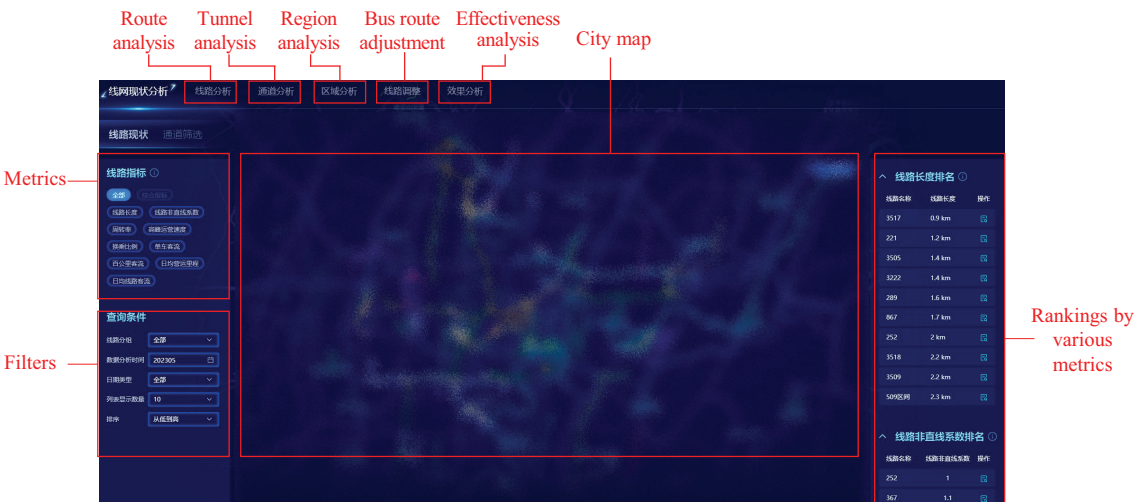
Bus route network analysis. This module features a detailed evaluation of key metrics such as the length of bus routes, coverage of bus stops, the bus route overlap factor and the non-linear factor of bus routes. The data collected is used to generate analytics reports that support the optimization of the bus route network.

Operation overview. This module offers a concise snapshot of five pivotal operational metrics for bus companies, encompassing the count of operational vehicles, the number of shifts, bus revenue kilometers, commuter traffic and operational speed.

Service quality assessment. Within this module, the quality of service provided by bus companies is assessed using metrics such as travel speed, departure intervals, average commuter waiting time, transfer duration and transfer rate.

Operational efficiency analysis. This module evaluates the operational efficiency of bus companies, focusing on bus route occupancy and kilometer utilization. It also tracks shifting trends in commuter traffic over the preceding month.

Bus Route Network Optimization



Bus route network optimization module

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Drawing on our technological and industry expertise, we conduct analyses of bus data to produce detailed analytics results that aid transportation entities in enhancing the efficiency of their bus route networks. Our actionable insights and recommendations support the planning and refinement of bus route networks, including new bus route design, existing bus route improvement, schedule and shift adjustment, and bus stop relocation. Specifically, we identify gaps in service by analyzing local population density, road conditions, and traffic data, and proposing new bus routes to meet unmet commuter needs. For routes with lower usage, we suggest reducing bus shifts and adjusting the number and locations of bus stops based on commuter traffic data, optimizing service and resource allocation. Upon request from transportation entities, we can also provide analytics reports in paper format for bus route network optimization.

Revenue Model

For public transit analytics platform, we generally enter into subscription agreements with transportation entities with a term ranging from one to three years, granting them access to the platform. The subscription fees are based on the modules each entity subscribes to. We may from time to time offer discounts on these subscription fees to certain transportation entities in exchange for complimentary access to their bus data. See “— Our Customers — Subscription Agreement with Certain Transportation Entities” for the salient terms of a subscription agreement with transportation entities.

For bus route network optimization services, which are tailored to the specific needs of transportation entities, fees are negotiated and determined on a case-by-case basis, taking into account the size and complexity of the bus route network within a city.

OUR NEW INITIATIVES

We have been committed to leveraging our technologies and deep industry insights to drive innovation across multiple sectors. Starting in the second half of 2022, we have been expanding our technological capabilities to address specific challenges in various industries with our data analytics offerings.

“Time + Price” Offerings

We are actively exploring opportunities in the electric power market, focusing on empowering electric power providers with data analytics tools to enhance their decision-making processes. In December 2022, we entered into a cooperation agreement with a China-based electricity company. Under this agreement, we developed a trading system to collect and analyze electricity trading data, including prices and fluctuations from daily trading activities. This system predicts trading prices and provides actionable insights to refine electricity trading strategies. Additionally, the data collected enhances the training and development of our AI models for electricity trading. We are currently testing a prototype of this system to ensure it meets the operational needs and standards necessary for effective electricity trading. During the Track Record Period, our revenue attributable to the time + price-related offerings was insignificant.

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“Time + Equipment Status” Offerings

We are in the process of developing data analytics products to support e-bike sharing operators in overseeing and managing the compliant usage of their e-bikes. Our monitoring tool enables operators to remotely monitor each e-bike’s capacity and ensure compliance without overloading, which reduces compliance costs and enhances operational efficiency. During the Track Record Period, our revenue attributable to the time + equipment status-related offerings was insignificant.

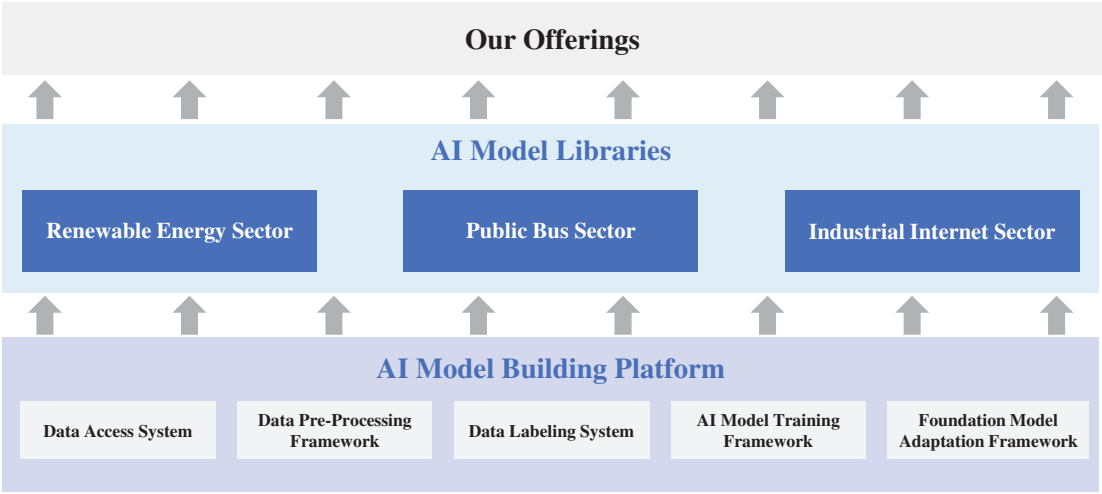
OUR TECHNOLOGY

Technology is at the core of our business. Powered by AI technologies, our strong capability in massive time series data analytics forms the bedrock upon which our technology stack thrives, enabling us to bring efficiency and cost-effectiveness to commuters and transportation entities in the public sector and driving our continuous innovations in developing data analytics offerings for other sectors. Built on our technology stack, we follow sophisticated workflows for AI model training and real-time information output to develop our offerings across various sectors.

Our Technology Stack

Our technology stack comprises an AI Model Building Platform and three specialized AI model libraries, each tailored for specific industry verticals: public bus, renewable energy and industrial internet. The AI Model Building Platform hosts a suite of frameworks and tools for managing time series data throughout its lifecycle, from data ingestion and storage, pre-processing, labeling to training, which enables us to develop and fine-tune AI models that adapt to a variety of dynamic use cases. Moreover, we have built three specialized AI model libraries that specifically address and effectively manage the unique challenges of its respective sector. By customizing and grouping our models according to industry-specific needs, we are able to deliver offerings that align closely with the operational demands and application contexts of our customers. Such combination of rich data assets and a diverse matrix of models, framework and tools allows us to expedite product development and maintain a high standard of quality, such that we can meet and exceed the expectations of our customers and end-users.

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Our technology stack operates on two efficient workflows for AI model training and real-time data processing respectively, based on the large-scale time series data we daily ingest from various sectors.

For AI model training, our standard workflow comprises data ingestion and storage, pre-processing, labeling, training, and model enhancement. By leveraging massive volumes of daily time series data, this workflow enhances prediction accuracy and fosters the development and enrichment of our industry-specific AI model libraries.

Our real-time data processing workflow ensures real-time output of information by instant data processing and model reasoning. This workflow excels in high-speed processing, immediate information display, and prompt responses to user queries. Enhanced AI models, continuously refined through iterations of the training workflow, are integrated to provide more accurate bus information during real-time data processing.

The following diagram illustrates the AI model training and real-time data processing workflows we typically follow.

AI Model Training Workflow



Real-Time Data Processing Workflow



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AI Model Building Platform

Our AI Model Building Platform is designed to handle all facets of large-scale time series data analytics. Such platform integrates a suite of high-performance tools and frameworks for massive data access, pre-processing, labeling, AI model training, and foundation model adaptation. These components work together to ensure high data quality, efficient data processing, effective AI model training, and strong support for model development and adaptation.

Data Access System

The handling of large-scale time series data presents significant challenges in terms of storage and retrieval, which are crucial for efficient data processing. Our massive data access system is optimized for storing, managing and retrieving massive volumes of time series data with high efficiency. It effectively stores and manages large quantities of bus data transmitted from transportation entities, while accommodating millions of concurrent visits per second and delivering instant responses to data queries in milliseconds or less. Additionally, the system utilizes spatiotemporal indexing technology to manage data characterized by specific time and location attributes, allowing us to efficiently and quickly locate and process data in real time based on defined spatiotemporal characteristics. For example, once the spatiotemporal traits of bus data are specified, our system can rapidly pinpoint a corresponding vehicle, often within seconds, and retrieve its data series for subsequent analytics.

Data Pre-Processing Framework

Raw data collected from various sources often contains errors or inconsistencies and lacks a standardized format. To prepare this data for analysis and model training, our data pre-processing framework enhances data quality through cleansing, integration, and transformation.

- *Data cleansing.* Typically, the time series data we receive is fraught with issues such as missing values, outliers, inconsistencies and duplicate data points. To improve the quality of this data, we employ a range of cleansing techniques, including handling missing values, detecting and removing outliers, checking consistency, and eliminating duplicates. Sometimes, even data that initially appears abnormal can be useful for subsequent analytics, and therefore we use anomaly detection algorithms to correct such anomalies and extract maximum value. For example, we recalibrate time in bus data with abnormal timestamps and adjust coordinates in bus data with irregular locations to project them onto reasonable points along a specified route. These steps significantly improve data quality and reliability, resulting in better processing outcomes.

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- *Data integration.* For the bus information displayed on Chelaile, we enhance the robustness of our data services by partnering with multiple data providers, if available, within a region. Such diversification enables us to swiftly switch between sources without disruption if the primary source fails, thereby ensuring continuous data availability. We rigorously analyze the statistical characteristics of these sources to identify issues such as missing vehicles and incorrect device-to-vehicle mappings. After resolving these issues or discrepancies, we integrate the corrected data from multiple sources to increase data density and improve user experience.
- *Data transformation.* Time series data often lacks a uniform structure and format, which can hinder effective model training and accurate data inference. To address this, we transform the data into multiple formats in response to different training or inference requests. Our transformation techniques include data smoothing to eliminate outliers from datasets, data interpolation to fill in missing values, and data standardization to convert different data into a consistent and standard format. After data transformation is conducted, we derive insights from existing datasets to make inferences. For example, by analyzing the acceleration and deceleration patterns in the trajectory data of buses, we accurately infer bus stop locations, ensuring that Chelaile displays precise and reliable bus stop information.

Data Labeling System

Raw data often lacks clear, identifiable features necessary for AI model training. Data labeling requires tagging raw data with informative labels that provide context, enabling AI models to learn and make accurate predictions. Such process enhances the quality of AI algorithms and improves the usability of data variables within models.

Our data labeling system transforms traditional, manual annotation processes into more efficient, automated operations. Based on the instructions provided by our research and development personnel with expertise and experience in the public sector, the intelligent annotation tools in our data labeling system can automatically generate annotations such as bus operation status, route, running direction, and fleet information for bus location data. Our specialists then review these annotations and correct any inaccurate annotation so that our real-time bus data processing algorithms utilize these high-quality annotations to deliver accurate bus location data and arrival time predictions. With our data labeling system, the annotation process that took significant time in the past can now be completed in mere milliseconds.

AI Model Training Framework

Training AI models effectively requires the management of large and diverse datasets, a process that can be both challenging and costly. To overcome these challenges, we have developed a comprehensive AI model training framework that supports every stage of the AI model lifecycle, from inception to deployment. This framework enables the efficient training of high-quality models specifically tailored to designated missions. Specifically, we employ a

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thorough evaluation method that goes beyond simply monitoring numerical outputs, combining a deep understanding of specific customer needs and the contextual complexities of application scenarios with our extensive industry experience and insights. Such targeted evaluation significantly enhances training efficiency and model accuracy. Furthermore, we incorporate open-source AI technologies into our training processes, enhancing both effectiveness and efficiency, and raising the standard of AI training. With the necessary authorizations, we adapt these technologies by customizing their code to better meet our specific requirements and support our operational needs.

Foundation Model Adaptation Framework

The deployment of foundation models often encounters challenges that can diminish their effectiveness. For example, foundation models are typically designed for general application without addressing the characteristics and requirements of specific sectors. Our foundation model adaptation framework proactively addresses such challenges by adapting the foundation models to suit the specific requirements of diverse application scenarios. Leveraging techniques and tools such as foundation model fine-tuning and retrieval-augmented generation (RAG), we adapt these foundation models by integrating industry-specific understanding and knowledge with these models to boost output accuracy and improve the overall performance of foundation models.

Moreover, with model evaluation techniques and tools, our framework allows us to quickly identify the foundation model suitable for a specific application scenario and streamlines the adaptation process. It provides strong support for automated evaluation so that we can complete the evaluation of multiple foundation models within a brief period. Additionally, our framework manages all training and test data after any optimizations and enables straightforward configuration for model fine-tuning, empowering regression testing of the models.

We utilize a range of open-source software and AI technologies to support our programming, data storage and management, workflow scheduling, containerization, orchestration and configuration management in a cost-effective manner. These technologies offer significant cost savings by eliminating utilization fees, enabling us to leverage existing solutions and concentrate on customization and integration instead of starting from scratch. Additionally, the collaborative nature of open-source development fosters rapid innovation. By using these technologies, we have improved our capacity to filter, aggregate and analyze data over time intervals and optimized efficiency in resource management.

Industry-Specific AI Model Libraries

Our AI Model Building Platform equips us to develop AI models across various industry sectors that benefit from extracting value from time series data. Starting with the public bus sector, we have developed a suite of AI models specifically for this area, including arrival time estimation, bus departure prediction, intelligent detection of network changes, imputation of interrupted bus data, and intelligent response to user feedback. These models, activated for

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individual use scenarios and enhanced by transfer learning, can be quickly adapted and deployed in similar new environments. For instance, when we introduce Chelaile in a new city lacking extensive local bus data, our models apply data from other cities to make precise predictions. An example of this is our arrival time estimation model, which uses knowledge from cities with similar geographic and traffic conditions to predict bus timings between stops in a new city.

Leveraging our achievements in the public bus sector, we have expanded into the renewable energy and industrial internet sectors, establishing two additional AI model libraries. To enhance our expertise in these new areas, we consult with industry experts who provide industry know-how and insights. Additionally, we conduct in-depth research into each sector by deploying our research and development personnel to worksites. These team members record various factors that could potentially influence changes or fluctuations, incorporating these observations into our model training to refine our algorithms and improve prediction accuracy.

OUR RESEARCH AND DEVELOPMENT

Our strong research and development capabilities are fundamental to our continued success and our ability to develop innovative offerings in response to rapid advancements in data analytics technologies. As of December 31, 2024, our research and development team consisted of 48 members, approximately 93.8% of whom held a bachelor’s degree or higher. In 2022, 2023 and 2024, we recorded research and development expenses of RMB25.0 million, RMB33.9 million and RMB42.5 million, respectively. During the Track Record Period, our investment in research and development primarily aimed to (i) enhance Chelaile with new functionalities and design modules for our public transit analytics platform; (ii) expand our presence into new industries to diversify our offerings; (iii) improve our technology stack to optimize our data analytics process; and (iv) explore the potential application of cutting-edge technologies such as RNN, LSTM and Transformer architecture to strengthen our analytic capabilities.

OUR SALES AND MARKETING

We have built Chelaile into a strong brand, benefitting from our ability to deliver accurate real-time bus information nationwide and satisfactory user experience. Our collaborations with transportation entities enhance the reliability of our offerings, attracting more users and customers. To expand our user base, we employ various marketing strategies beyond word-of-mouth referrals. Our primary user acquisition channel is advertising across major mobile app stores, including Huawei AppGallery, Apple Store, VIVO App Store, Oppo App Store and Xiaomi GetApps. We also use search advertisements to maximize visibility and effectively attract new users.

Beyond digital tactics, we implement strategic offline marketing initiatives. We place advertisements within buses and at bus stops to reach our target audience. Cross-channel promotions, in collaboration with the famous supermarket chains in China and celebrity

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endorsements, enhance our marketing campaigns and boost Chelaile’s visibility. We also tailor our offline campaigns to suit both urban and rural markets. For instance, prior to the Chinese New Year, we increase advertising in smaller cities and towns to capture the attention of travelers returning to their hometowns for the holidays. After the holiday, we ramp up our efforts in larger cities to engage the workforce as they return to their urban jobs.

We believe that certain cities in China have significant growth potential, particularly those with few competitors offering real-time bus information platforms or with large commuting populations. In these cities, we deploy staff to promote Chelaile at bus stops, assisting commuters with app downloads and explaining its features. Additionally, our partner transportation entities sometimes use Chelaile as a channel to disseminate important public information and official notices, which further drives significant user traffic to our platform.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We are deeply committed to social responsibility and recognize the fundamental importance of environmental, social, and governance (“ESG”) factors in our path towards sustainable development. Our primary goal is to generate and amplify a positive impact on our employees, customers and business partners. Simultaneously, we are devoted to enhancing our environmental accountability and our role in the public sphere.

Our Governance

We are committed to, after our [REDACTED], complying with the reporting requirements related to ESG. To effectively manage ESG issues, upon our [REDACTED], we will establish a two-tier ESG governance framework, comprising our Board and an ESG committee.

Our Board will take the overall responsibility for our ESG strategy and reporting. Our Board will be directly involved in setting up our overall ESG governance management policies, strategies, priorities and targets, reviewing our ESG policies on an annual basis to ensure its effectiveness, and fostering a culture of acting in accordance with our core ESG values. Our ESG committee, consisting of our management and staff with expertise in computer science, finance and corporate governance as well as a solid understanding of current and emerging ESG issues and our business, will directly report to the Board on ESG issues semi-annually. Our management sitting in our ESG committee is responsible for identifying and evaluating ESG risks and opportunities, formulating ESG objectives, strategies, management policies and tactics, and regularly reviewing the specific progress and performance of ESG matters and reporting to our Board. Staff in our functional department who are members of our ESG committee are responsible for the implementation of specific ESG-related matters, the implementation of ESG training and empowerment activities, and regular reporting of work progress.

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Identification, Assessment, Management and Mitigation of ESG Risks

We recognize the importance to identify and effectively manage ESG risks and opportunities for our long-term sustainable development. We are committed to incorporating the management of ESG risks and opportunities comprehensively into our risk management and internal control framework. Our Board assumes the oversight responsibilities for developing ESG risk management strategies that align with our development objectives, reviewing management’s evaluation report on ESG risks and opportunities through regular board meetings, as well as overseeing the implementation of risk and opportunity management measures.

To identify and assess the potential ESG risks which may have an impact on our business, our management needs to consider both external factors such as ESG-related laws, regulations and policies, weather conditions and market development and internal factors such as our business operations and financial performance, and report their findings to our Board. Our Board then evaluates the risks identified by our management and the plans they proposed in response to such risks. If the plans are approved by our Board, it will also supervise the implementation of such plans.

We are devoted to meeting the expectations and demands of all stakeholders. To improve our ESG practices, we will routinely communicate with key stakeholders for their views on our ESG related policies and encourage their engagement in our ESG-related initiatives. We plan to regularly distribute questionnaires with scales to stakeholders for their opinions on the priority of ESG-related issues.

Our ESG committee will report the results of the materiality analysis of ESG-related issues to our Board on an annual basis. With our Board’s confirmation on the analysis results, we will prioritize material ESG-related issues and make relevant disclosure if appropriate and necessary.

We have identified the following ESG risks which we consider material and may have an impact on our business, strategy or financial performance, and have formulated strategies and implemented systems to manage and mitigate these risks.

User Privacy and Data Security

We are subject to relevant user privacy and data security laws and regulations. See “Regulations — Regulations Related to the Protection of Cyber Security, Data and Privacy Protection” and “— Data Privacy and Protection.” During the Track Record Period, we complied with the relevant applicable internet security and privacy protection laws and regulations in all material respects in the PRC. We are committed to the protection of data privacy and data security, and we attach utmost importance to the compliance with relevant laws and regulations.

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Extreme Weather Conditions

In terms of physical risk, we focus on acute risks such as extreme weather events. Our office premises and infrastructure may be affected by extreme weather through workplace disruptions, personnel commuting, transportation and disruptions related to our IT infrastructure. We may incur losses in operating assets and infrastructure as well as loss of sales resulting from business interruption. To address these challenges, we have developed a contingency plan that outlines clear responsibilities and specific implementation measures, ensuring the thorough execution of safety and health management guidelines. We also regularly organize training sessions and drills for our employees.

Moreover, extreme weather events may reduce the number of bus commuters and thus reduce the number of users on Chelaile, but may lead to increased number of user inquiries on Chelaile as commuters need accurate, up-to-date bus information to facilitate their bus travel under extreme weather conditions. We have conducted analysis of the impact of extreme weather conditions on the number of Chelaile users and their activity on Chelaile based on historical data accumulated in our past operations to identify patterns in such data. Based on our analysis results and weather forecasts, we can predict when there will be significant changes in the number of active users on Chelaile and peak hours and deliver better user experience to Chelaile users. We also closely monitor the official websites of transportation entities to capture real-time changes in bus route information and promptly send reminders to users within Chelaile.

Climate-related Risks

Regarding transition risks, we do not operate any production facility or engage in any activity that discharges industrial waste, produces a large quantity of pollutants, or significantly emits greenhouse gases, so our exposure to climate-related risks is limited. Our main concerns involve policy and legal risks. Our business is generally subject to relevant PRC environmental laws and regulations. We closely monitor global trends and China’s national strategies to better address climate change and environmental protection.

We use cloud-based servers and data centers, and our energy consumption consists primarily of use of electricity and use of gasoline in our vehicles. During the Track Record Period, we actively monitored our resource consumption for our operations. In 2022, 2023 and 2024, our consumption of electricity amounted to approximately 194,294 kWh, 194,294 kWh and 208,778 kWh, respectively.

Our greenhouse gas emissions consist primarily of Scope 1 and Scope 2 emissions. Scope 1 direct emissions include the direct greenhouse gas emissions from our own office premises. Scope 2 indirect emissions primarily include the greenhouse gas emissions from our usage of purchased electricity and heat, calculated based on the “Guidelines for Accounting and Reporting of Greenhouse Gas Emissions in 24 Chinese Industries” issued by the NDRC. In 2022, 2023 and 2024, our Scope 1 greenhouse gas emissions amounted to 4.68 tons of CO₂

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equivalent, 5.57 tons of CO₂ equivalent and 4.46 tons of CO₂ equivalent, respectively, and our Scope 2 greenhouse gas emissions amounted to 121.2 tons of CO₂ equivalent, 114.9 tons of CO₂ equivalent and 116.3 tons of CO₂ equivalent, respectively.

The pollutants emitted by us consist primarily of (i) domestic wastewater from our office building, (ii) exhaust gas from the use of our vehicles, and (iii) hazardous waste, such as waste toner cartridges for printers, waste lamps or light bulbs, waste dry batteries, and waste electronic equipment. In 2022, 2023 and 2024, the total amount of our emissions of hazardous waste was approximately 0.2 tons, 0.2 tons and 0.2 tons, respectively.

Due to our nature of business, we believe our environmental footprint to be relatively small. Nonetheless, we are committed to conserving energy and reducing our carbon footprint. We have instituted a range of internal policies focused on environmental sustainability to effectively curtail the carbon emissions stemming from our operational activities. For example, we promote the adoption of low-carbon and eco-friendly modes of travel. Moreover, we have established protocols for regular office area patrols to promptly deactivate redundant air conditioning and power equipment, thus minimizing resource wastage. Through improving operating efficiency, we will reduce the use of energy and other natural resources to enhance our environmental performance and reduce the negative impact of our operations in relation to climate change. We continuously look for effective ways to reduce energy use and thus our carbon footprint. Moreover, we have proactively participated in the promotion campaigns organized by industry associations, advocating the use of public transportation.

Goals and Targets

We monitor certain key performance indicators to assess and manage our environmental and climate-related risks arising from our business activities, including the intensity of electricity consumption and greenhouse gas emissions, which is calculated as the total amount of electricity consumption or greenhouse gas emissions divided by the revenue of the respective year. When setting the targets for environment-related key performance indicators, we will take into account our respective consumption or emission levels during the Track Record Period, and consider our future business expansion in a comprehensive and prudent manner, with a view to crafting a balance between business growth and environmental protection and achieving sustainable development.

Based on our business development strategies and objectives, we have set several environmental targets to facilitate green and low-carbon development: In 2025, we aim to control (i) the intensity of electricity consumption to decrease by 1% compared to that of 2024, and (ii) the intensity of greenhouse gas emissions to decrease by 1% compared to that of 2024. To achieve such targets, we will take initiatives to improve waste management, encourage adoption of new energy resources and enhance workplace environment and safety, which may require us to invest financial and human resources in technology, infrastructure and employee training.

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Social Responsibility

We are committed to being responsible corporate citizens, continuously fulfilling corporate social responsibility. We recognize the size and influence of our platform and seek to utilize our influence in a socially responsible manner. We actively encourage and support socially responsible initiatives and promote the concept of corporate social responsibility throughout our company.

We have collaborated with the Jiangsu Province government to initiate a carbon reduction program to advance a green and low-carbon life for the public. Engaging commuters can earn carbon credits through their use of public transportation, which can then be utilized to claim various rewards. We have also launched the accessible version of Chelaile, showing our care about the disadvantaged and vulnerable groups in the society.

Health and Work Safety

Aiming at offering a healthy and safe workplace to our employees, we are committed to strictly complying with applicable laws, regulations and standards related to health and work safety in different jurisdictions. We have adopted a series of policies and procedures with respect to health and work safety. Our human resource department, led by an experienced department manager, comprehensively monitors every aspect of the implementation of such policies and procedures. We examine the workplace regularly to eliminate all potential workplace hazard that may negatively affect the health and safety of our employees. To strengthen the employees’ awareness and knowledge of health and work safety, we also conduct relevant training sessions on applicable laws and regulations. During the Track Record Period and up to the Latest Practicable Date, no work-related injuries or fatalities ever happened at our workplace, and we did not experience any significant operational or administrative accidents. See “— Employees” for more details.

DATA PRIVACY AND PROTECTION

Data Privacy and Protection Measures

By securing users’ consent, we analyze behavior and patterns derived from interactions with Chelaile, which include pinpointing popular bus routes and stops, discerning preferred journey plans, identifying peak travel times, and collating user feedback. We may from time to time collect users’ personal information such as their mobile phone number or location information. We believe that ensuring the security and confidentiality of the statistics derived from Chelaile users is of paramount importance. To achieve this, we have implemented data security and protection protocols that cover various aspects of data management, encompassing data classification, the entire data lifecycle (including collection, storage, use, transmission, processing, disclosure and deletion) and stringent confidentiality procedures.

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Our data usage and privacy policy is provided to users before their use of Chelaile. In our privacy policy, we undertake to manage and use the data collected from consumers and technicians in accordance with applicable laws and make reasonable efforts to prevent the unauthorized use, loss or leak of personal data. We retain users’ personal information for the period of time necessary to achieve the purposes described in our privacy policy. In addition, we provide users the option to clear their data and cancel their accounts on Chelaile, after which we will anonymize and delete such information.

We carry out all data processing activities within the territory of China in accordance with relevant laws and regulations and store such data in a cloud data center operated by a third-party service provider located within the territory of China. We collect and use personal data for the stated purpose as authorized by users, or with other legal bases as provided by laws and regulations. We generally do not share, transfer or disclose personal data to any third parties. We may share, transfer, or disclose personal data to selected third parties only when expressly authorized by the relevant users or required by applicable laws and regulations. For our mobile advertising services, we may share certain user data — such as behavior and patterns, with sensitive information removed — with our programmatic advertising partners, but only with the explicit consent of the users involved. Users can opt out of this data sharing and disclosure at any time.

To ensure compliance with relevant privacy and personal data protection laws and regulations in China, we have deployed an array of measures to fortify the security of both our proprietary data and user information. Our measures to safeguard our proprietary data and user information include, but are not limited to, measures in relation to the collection of user information, technological security measures for data processing, transmission and usage, access control measures and security systems. Specifically, we have implemented a suite of data privacy protection measures, which include (i) employing encryption technologies in our network services to safeguard the security and confidentiality of personal information during transmission, (ii) leveraging stringent permission control to protect personal information in our data usage and access systems, (iii) establishing a data classification and grading system, and (iv) provide employees with training on personal information and privacy protection.

Furthermore, we enter into confidentiality agreements with our employees who have access to confidential information. The confidentiality agreements provide that, among others, our employees are legally obligated not to share, distribute or sell confidential information, including the information of consumers and technicians in their possession, to any party, including other employees who otherwise have no access to the information. Our employees are also legally obligated to surrender all confidential information in possession upon resignation, and to retain their confidential obligations thereafter. Our employees bear compensation liability upon a breach of their confidentiality obligations or if they otherwise commit misconduct resulting in a leakage of confidential information.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of the personal data of users.

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Bus Data Governance Framework

In developing our “time + location” offerings, we enter into agreements with transportation entities to use bus data they collected from buses in operation. We also collect data from our customers and users in connection with their use of our offerings, such as their activities and preferences on Chelaile. Data obtained from transportation entities and collected from our customers and users is utilized to develop new products and services and to train our AI models. We have informed our customers and users in our privacy policy that their data would be used for product improvement, and it will be anonymized before training our AI models. All necessary licenses and permissions for use of such data have been obtained from the relevant parties. Additionally, we use publicly available data from third-party websites from time to time, such as bus routes, bus arrival and departure schedules and bus stops, as well as any changes or updates published on the official websites of transportation entities, including transportation authorities, bus companies, local police and urban planning departments. As advised by our PRC Legal Advisor, our data collection and data usage have been in compliance with the relevant laws and regulations in the PRC in all material respects during the Track Record Period and up to the Latest Practicable Date.

To ensure the data accuracy, we utilize an automated system to continuously monitor and verify the accuracy of bus network information (including bus routes, stop locations and terminal details) by referencing four primary sources: (i) third-party websites, (ii) real-time bus data, (iii) user feedback, and (iv) user behavior data. The system retrieves and analyzes information published on third-party websites, identifying updates relevant to bus network information, such as temporary route adjustments. Real-time and historical GPS data from operating buses are used to verify and update route alignments across its coverage areas. User feedback identifies discrepancies in route data, while aggregate user behavior statistics are utilized to identify and resolve discrepancies in bus network information.

To safeguard the integrity and security of the bus data we obtained from transportation entities and third-party websites, we have implemented a robust governance framework that prevents non-compliances. Our data compliance committee, data quality department, company information center and legal and compliance department are responsible for the implementation of our internal control measures.

- *Data Compliance Committee.* The data compliance committee, with Mr. Xu Cheng, our chief development officer, as the chairperson, serves as the governing body entrusted with critical decision-making related to data compliance within our Group. This committee plays a vital role in overseeing significant data compliance matters and rendering determinations on major compliance issues. It constitutes an indispensable layer of control and expertise, ensuring the integrity of data practices across the entire Group.

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- *Data Quality Department.* The data quality department takes the helm in overseeing the technical aspects of data procurement. This department is responsible for exercising control over the entire data procurement process, ensuring the integrity and quality of real-time bus data and implementing data analytics strategies across cities. This department operates under the direct supervision of Ms. She Yali, head of our data quality department, who possesses approximately ten years of experience in data quality evaluation and maintenance.
- *Company Information Center.* Operating under the purview of the data quality department, our company information center is responsible for executing external data procurement procedures, which involve evaluating the authenticity of data sources and formulating mechanisms to ensure the quality and reliability of sourced data. Through close collaboration with the data quality department, this center facilitates the implementation of a systematic data verification process. Our information center staff has deep-seated knowledge in the public bus sector, each possessing an average of over four years of experience in bus data quality management and operation.
- *Legal and Compliance Department.* The legal and compliance department assumes the daily responsibility of supervising data compliance matters, including periodic monitoring and evaluation of data scraping activities across different stages of the data lifecycle, and the enforcement of penalties against employees found in violation of data compliance policies.

In line with best practices in data compliance, we have implemented a comprehensive set of data compliance policies that cover the complexities of data scraping as well as the acquisition and management of sourced data, including (i) the establishment of a data compliance committee to oversee data compliance matters, (ii) regular inspections of data scraping activities by our legal and compliance department, (iii) compliance with the restrictions set forth in the robots.txt file of a website, and (iv) prohibition from extracting data without permission to access. These policies extend to all members within our Group and are integral to the functioning of our workforce. Within this holistic policy framework, an internal mechanism has been integrated to systematically assess data scraping activities. This mechanism establishes distinct parameters for compliance, rigorously defining boundaries that encompass procedural intricacies, content considerations, and usage specifications. It also rigorously oversees any data scraping activities related to real-time bus data.

Moreover, we have implemented a thorough verification process for the bus data we are licensed to access and use, including the following key aspects:

- *Scrutiny of Data Authorization and Legality.* When sourcing real-time bus data from third-party suppliers, a vetting process is conducted to confirm the authorization and legality of such data sources. Our business personnel, seasoned in the public bus

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sector, are responsible for validating the qualifications of data owners and acquiring necessary authorization proofs. Subsequently, they submit the pertinent entity credentials to the legal and compliance department for in-depth review and approval.

- *Tiered Data Source Classification.* A systematic classification system for data sources, encompassing whitelists, graylists, and blacklists, has been instituted. Employing pre-investigation and post-monitoring methodologies, data suppliers verified as legitimate are placed in the whitelist, while suppliers confirmed as unlawful are relegated to the blacklist. Data suppliers that cannot be promptly validated are categorized into the graylist.
- *Stringent Data Procurement Quality Control.* We maintain a rigorous approach to quality control at every stage of its data procurement process. Data procurement agreements delineate an array of representations and warranties made by data suppliers regarding the authenticity of the sourced data and also incorporate a strict penalty mechanism. The company information center routinely verifies the quality of external data sources against the quality requirements specified in data procurement agreements, and verification outcomes are relayed to the data quality department. Depending on the findings, the data quality department notifies data suppliers to rectify identified issues or considers transitioning to a different data supplier.

We have retained external compliance specialists, such as internal control consultants and legal advisors specializing in data compliance, to conduct thorough due diligence and evaluation of our internal controls for data privacy and protection. Based on their recommendations, we intend to further bolster our compliance governance framework and implement appropriate measures to ensure continuous compliance with applicable laws and regulations. As advised by our internal control consultant, our internal control measures are sufficient to ensure the legality of the underlying data source. Based on the review of our data compliance policies and measures, our PRC Legal Advisor is of the view that we have taken substantial measures to ensure the legality of the underlying data source used in our business operations and these measures comply with relevant requirements under the applicable PRC laws and regulations.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we were not subject to any fines or other penalties due to non-compliance with data privacy and security laws or regulations. In the opinion of our PRC Legal Advisor, we complied in all material respects with relevant data privacy and security laws and regulations during the Track Record Period and up to the Latest Practicable Date. Our Directors confirmed that (i) we did not employ invasive techniques to access or scrape data from private information systems, (ii) our current data scraping methods were gentle and comparable to manual web browsing, designed for efficiency improvement rather than obtaining an illegal competitive advantage, (iii) our focus was on publicly available data, such as public transit route announcements, and (iv) we strictly adhered to our internal compliance policy on data

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scraping during the Track Record Period and up to the Latest Practicable Date. Based on the above, we have been advised by our PRC Legal Advisor that our data scraping activities complied with relevant laws and regulations in the PRC in all material aspects during the Track Record Period and up to the Latest Practicable Date.

Infrastructure Stability

We have implemented a variety of protocols and procedures, such as regular system checks, password policy, server access logging, network access authentication, consumer authorization review and approval and data back-up, as well as data recovery test, to safeguard our data assets and prevent unauthorized access to our network. We have policies to provide response plans to deal with incidents related to data security. Our operation and maintenance team and data security team monitor the operation of our systems and conduct safety drills on a regular basis. We also maintain a backup of our operating data to minimize the risk of data loss.

We aim to continue to improve and enhance our data and system security to ensure the proper management of our operational data. Whenever an issue is discovered, we take prompt actions to upgrade our system and mitigate any potential problems that may undermine the security of our system. We believe our policies and practice with respect to data privacy and security are in compliance with applicable laws and with prevalent industry practice.

During the Track Record Period, we did not experience any cyberattacks which may have a material adverse impact on our operations. See “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Litigations and Compliance — Any actual or perceived failure on our part to comply with applicable data protection laws and regulations or privacy policies, including concerns related to improper collection, use or disclosure of data from our customers or users, could harm our reputation, erode consumer confidence or potentially subject us to governmental regulation and other legal obligations.”

OUR INTELLECTUAL PROPERTY

We believe the protection of our trademarks, copyrights, domain names, trade names, trade secrets, patents and other proprietary rights is critical to our business. We rely on a combination of trademark, fair trade practice, copyright and trade secret protection laws and patent protection, as well as confidentiality procedures and contractual provisions to protect our intellectual property and our trademarks. We also enter into confidentiality and invention assignment agreements with all of our employees, and we rigorously control access to our proprietary technology and information. As of December 31, 2024, we had issued patents and 23 pending patent applications in China. As of December 31, 2024, we owned 101 registered copyrights in China which include 98 software copyrights and two works copyrights. As of December 31, 2024, we owned 52 registered trademarks in China. We did not have any material disputes or any other pending material legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

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OUR CUSTOMERS

Our customers consist primarily of programmatic advertising platforms and brand advertisers. The revenue attributable to our five largest customers in each year during the Track Record Period was RMB100.7 million, RMB126.4 million and RMB140.7 million in 2022, 2023 and 2024, respectively, accounting for 74.4%, 72.4%, and 68.2% of our total revenue for the corresponding years, respectively. The revenue attributable to our largest customer in each year during the Track Record Period was RMB42.2 million, RMB51.1 million, and RMB53.3 million in 2022, 2023 and 2024, respectively, accounting for 31.2%, 29.3%, and 25.9% of our total revenue for the corresponding years, respectively. We generated revenue of RMB24.9 million, RMB16.5 million, and RMB2.4 million from related parties for the corresponding years. See Note 33 to the Accountants’ Report in Appendix I to this Document. Among our five largest customers in each year during the Track Record Period, Customer F and Customer H are subsidiaries of our indirect shareholders. We generated revenue of RMB7.0 million, RMB14.5 million, and RMB7.8 million from Customer F in 2022, 2023 and 2024 and generated revenue of RMB14.4 million from Customer H in 2022.

The following tables set forth details of our five largest customers in each year during the Track Record Period:

Year Ended December 31, 2024

Rank	Customer	Revenue amount ⁽¹⁾	% of total revenue	Business relationship since	Services provided	Customer background	Credit term	Settlement method	Registered capital	Headquarters
		(RMB in thousands)							(in thousands)	
1	Customer A	53,290	25.9	2018	Mobile advertising services – programmatic advertising platform	A privately owned technology company in communication and social media industry in China, a subsidiary of a world-leading internet and technology company listed on the Stock Exchange	30 days	Bank transfer	US\$2,000	Shenzhen

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Rank	Customer	Revenue amount ⁽¹⁾	% of total revenue	Business relationship since	Services provided	Customer background	Credit term	Settlement method	Registered capital	Headquarters
		(RMB in thousands)							(in thousands)	
2	Customer B	38,365	18.6	2018	Mobile advertising services – programmatic advertising platform	A leading short-video content company group in China	30 days	Bank transfer	RMB10,000	Wuhan
3	Customer C	20,721	10.1	2016	Mobile advertising services – programmatic advertising platform	A privately owned technology company in search engine industry in China, a subsidiary of a leading search engine and AI company listed on the Stock Exchange and Nasdaq	30 days	Bank transfer	US\$800	Beijing
4	Customer D	14,274	6.9	2020	Mobile advertising services – programmatic advertising platform	A privately owned technology company in the intelligent marketing and advertising service industry, a subsidiary of a leading technology driven e-commerce company in China listed on the Stock Exchange and Nasdaq	60 days	Bank transfer	RMB50,000	Chongqing
5	Entity A	14,036	6.8	2022	Mobile advertising services – programmatic advertising platform	A leading information and telecommunication solution provider in China	30 days	Bank transfer	RMB3,600,000	Nanjing
Total		<u>140,686</u>	<u>68.2</u>							

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Year Ended December 31, 2023

Rank	Customer	Revenue amount ⁽¹⁾	% of total revenue	Business relationship since	Services provided	Customer background	Credit term	Settlement method	Registered capital	Headquarters
		(RMB in thousands)							(in thousands)	
1	Customer A	51,076	29.3	2018	Mobile advertising services – programmatic advertising platform	A privately owned technology company in communication and social media industry in China, a subsidiary of a world-leading internet and technology company listed on the Stock Exchange	30 days	Bank transfer	US\$2,000	Shenzhen
2	Customer E	34,604	19.8	2018	Mobile advertising services – programmatic advertising platform	A leading short-video content company group in China	30 days	Bank transfer	RMB100,000	Beijing
3	Customer C	19,676	11.3	2016	Mobile advertising services – programmatic advertising platform	A privately owned technology company in search engine industry in China, a subsidiary of a leading search engine and AI company listed on the Stock Exchange and Nasdaq	30 days	Bank transfer	US\$800	Beijing

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Rank	Customer	Revenue amount ⁽¹⁾	% of total revenue	Business relationship since	Services provided	Customer background	Credit term	Settlement method	Registered capital	Headquarters
		(RMB in thousands)							(in thousands)	
4	Customer F	14,477	8.3	2020	Mobile advertising services – brand advertiser	A privately owned technology company in the intelligent marketing and advertising service industry, a subsidiary of a leading multinational technology company listed on the Stock Exchange and NYSE	120 days	Bank transfer	US\$5,995,941	Hangzhou
5	Customer G	6,529	3.7	2018	Mobile advertising services – programmatic advertising platform	A well-known intelligent voice and AI company in China listed on Shenzhen Stock Exchange	30 days	Bank transfer	RMB2,315,376	Hefei
	Total	126,362	72.4							

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Year Ended December 31, 2022

Rank	Customer	Revenue amount ⁽¹⁾	% of total revenue	Business relationship since	Services provided	Customer background	Credit term	Settlement method	Registered capital	Headquarters
		(RMB in thousands)							(in thousands)	
1	. . Customer A	42,183	31.2	2018	Mobile advertising services – programmatic advertising platform	A privately owned technology company in communication and social media industry in China, a subsidiary of a world-leading internet and technology company listed on the Stock Exchange	30 days	Bank transfer	US\$2,000	Shenzhen
2	. . Customer E	23,480	17.3	2018	Mobile advertising services – programmatic advertising platform	A leading short-video content company group in China	30 days	Bank transfer	RMB100,000	Beijing
3	. . Customer H	14,377	10.6	2021	Data technology services	A privately owned transportation technology company headquartered in China	30 days	Bank transfer	RMB1,000	Beijing
4	. . Customer C	13,672	10.1	2016	Mobile advertising services – programmatic advertising platform	A privately owned technology company in search engine industry in China, a subsidiary of a leading search engine and AI company listed on the Stock Exchange and Nasdaq	30 days	Bank transfer	US\$800	Beijing

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Rank	Customer	Revenue amount ⁽¹⁾	% of total revenue	Business relationship since	Services provided	Customer background	Credit term	Settlement method	Registered capital	Headquarters
		(RMB in thousands)							(in thousands)	
5	Customer F	6,998	5.2	2020	Mobile advertising services – brand advertiser	A privately owned technology company in the intelligent marketing and advertising service industry, a subsidiary of a leading multinational technology company listed on the Stock Exchange and NYSE	120 days	Bank transfer	US\$5,995,941	Hangzhou
	Total	100,710	74.4							

Note:

- (1) The revenue of a customer herein is recorded on a consolidated basis, if, to the best of our knowledge, two or more entities from whom we generate revenues from providing services are controlled by the same group company during the Track Record Period.

To the best of our knowledge, as of the Latest Practicable Date, except for Customer F and Customer H who are subsidiaries of our indirect shareholders, none of our Directors, their close associates or any of our Shareholders who owned more than 5% of the issued share capital of our Company, had any interest in our five largest customers in each year during the Track Record Period. During the Track Record Period, we did not have any material disputes with our customers or encounter any major claims of defective services.

Agreement with Programmatic Advertising Platforms

We generally enter into advertising service agreements with the programmatic advertising platforms. The salient terms of a standard agreement with a programmatic advertising platform generally include:

- *Services.* The programmatic advertising platform shall be responsible for the entire auction process, providing advertising services and technical support to advertisers who participate in the bidding. We agree to provide advertising inventories on Chelaile for advertisement placement or other marketing campaigns.

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- *Pricing and settlement.* The advertising fees charged from the programmatic advertising platform are generally negotiated and determined based on number of impressions received by advertisements placed on Chelaile, ranging from RMB0.01 to RMB2,000 per impression, which is recorded by the programmatic advertising platform. We settle the advertising data and issue invoice to the programmatic advertising platform on a monthly basis. We generally grant a credit period of 30 to 60 days from invoice date.
- *Platform guidelines.* We are required to comply with the advertising guidelines and policies published by the programmatic advertising platform, such as data privacy guidelines, policies against invalid traffic and restrictions on advertisement formats.
- *Content monitoring.* We may review the content of advertisements or other marketing campaigns to be placed on Chelaile to ensure that no prohibited content would be posted, and the content of posted advertisements is in compliance with applicable laws, regulations, and the guidelines and policies published by our collaborating programmatic advertising platforms regarding advertisement content. If we identify any inappropriate content in an advertisement, we will reject to place such advertisement on Chelaile and will promptly notify the programmatic advertising platform providing such advertisements of our rejection.
- *Termination.* The agreement may be terminated under specified circumstances, including the insolvency or liquidation of either party, prolonged force majeure lasting over 30 days and by either party with 15 working days’ prior written notice. Termination does not affect the obligation to settle payments for services already rendered.

We also enter into advertising service agreements with brand advertisers, which are negotiated on a case-by-case basis and may be different from our standard agreements with the programmatic advertising platforms. The salient terms of a typical agreement with a brand advertiser generally include:

- *Services.* We agree to provide display-based advertising services to the brand advertiser to promote the products or services designated by the brand advertiser on Chelaile. The brand advertiser shall pay advertising fees for our services.
- *Pricing and settlement.* We typically charge a fixed fee ranging from RMB100,000 to RMB10.0 million for the advertising services provided to the brand advertiser, which is determined based on the number of impressions received by such advertiser’s advertisement featured on Chelaile. We settle the advertising data after the end of the advertising period and issue invoice to the brand advertiser. We generally grant a credit period of 10 to 15 days from invoice date.
- *Term.* We typically enter into a one-month agreement with the brand advertiser.

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- *Content monitoring.* The brand advertiser is ultimately liable for any non-compliance of the content of advertisements placed on Chelaile. The brand advertiser is required to comply with the advertising guidelines and policies on our platform and the applicable laws and regulations when placing advertisements with us. In the event that the content of advertisements is in violation of the applicable laws or our guidelines, we will require the advertisers to modify their advertisements and have the right to reject or remove any inappropriate advertisements at our discretion.
- *Termination.* We may terminate the agreement if there is a material breach of contract by the brand advertiser, including but limited to the brand adviser’s failure to rectify inappropriate promotional content within the specified time.
- *Discounts and incentives.* From time to time, we extend discounts and incentives to brand advertisers. These discounts and incentives hinge on the spending thresholds of our branding advertisers and are governed by a predefined incentive rate. The calculation of this incentive rate considers the specific industries and established market norms of our branding advertisers.

Subscription Agreement with Certain Transportation Entities

The salient terms of a standard subscription agreement with transportation entities on our public transit analytics platform generally include:

- *Services.* We agree to provide transportation entities with access to the designated modules and tools on our public transit analytics platform and deliver insightful analytics reports to them as scheduled in the agreement. Transportation entities shall pay service fees for their use of our platform and receipt of analytics reports and upload the data onto our platform for further processing.
- *Use of data.* We are required to limit our use of procured data to only the purposes designated in the agreement. Without written consent of transportation entities, we shall not transmit or give access to such data to third parties for commercial benefits.
- *Pricing.* The subscription fees we charge transportation entities typically range from RMB0.1 million to RMB0.5 million, which are determined based on the specific modules each entity chooses to subscribe to. We may from time to time offer discounts on subscription fees to certain transportation entities in exchange for complimentary access to their bus data. In determining the discounts extended, we generally consider factors such as the quality of bus data source, commuter population and technical support required in the cities or towns where these entities are located.

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- *Payment.* Transportation entities generally make payments of 50% to 70% of total subscription fees right after execution of the agreement and the remaining portion will be paid off at a later stage, typically within one to three months before the end of the term of the agreement.
- *Term.* We typically enter into an agreement with transportation entities with a term of one to three years.
- *Termination.* The agreement may be terminated upon expiration of its term, mutual agreement of both parties, one month’s prior written notice by either party or written notice if a party materially breaches the agreement.
- *Confidentiality.* Except as otherwise provided by laws and regulations or with the prior written consent of the other party, each party shall maintain the confidentiality of information obtained in the performance of the relevant agreement and its contractual terms.

Customer Concentration

In 2022, 2023 and 2024, our five largest customers in each year during the Track Record Period aggregately accounted for approximately 74.4%, 72.4% and 68.2% of our total revenue for the same years, respectively. Except for Customer F, a brand advertiser for our mobile advertising services, and Customer H, a customer of our data technology services, all the other five largest customers in each year during the Track Record Period are programmatic advertising platforms we collaborate with in providing mobile advertising services. According to CIC, such customer concentration is not uncommon for companies providing mobile advertising services in the PRC.

We generate a significant portion of our mobile advertising services through collaboration with programmatic advertising platforms, enabling us to reach a diverse array of advertisers, especially long-tail advertisers. Such collaboration enables us to automate the sale of advertising inventory on Chelaile using the auction mechanisms provided by these platforms. According to CIC, China’s mobile advertising market is dominated by a few key players, limiting the number of established programmatic platforms that meet our needs. As a result, we have collaborated with a select few during the Track Record Period and expect to continue to do so in the foreseeable future.

Chelaile’s extensive geographic coverage and strong performance have contributed to a cumulative user base of approximately 298.4 million as of December 31, 2024, with an average of 29.1 million MAUs in 2024. The vast user base and high user engagement make Chelaile an attractive platform for advertisers, strengthening our collaborations with programmatic platforms and brand advertisers. Our years of experience in mobile advertising services allow us to effectively meet diverse customer needs, and we plan to enhance Chelaile’s functionalities while expanding our marketing efforts through a multi-channel strategy.

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Due to the widespread acceptance of Chelaile, we have established long-term relationships with our five largest customers throughout the Track Record Period, particularly with Customers A, B, and C, with whom we have partnered for over six years. We have agreements with each of these programmatic platforms under similar terms and have not encountered difficulties in renewing them. Additionally, we are not required to enter into exclusive agreements with any of these platforms. Furthermore, Customer F, a subsidiary of a leading multinational technology company listed on the Stock Exchange and NYSE, is expected to continue allocating significant advertising budgets to us.

To maintain a sustainable business model, we closely monitor our accounts receivable and assess our working capital needs from time to time. We will continue to nurture relationships with existing customers that have reliable payment records while exploring opportunities with new customers on favorable terms.

OUR SUPPLIERS

Our suppliers consist primarily of (i) server rental service providers, (ii) advertising and promotion service providers, (iii) cross-network advertising service providers from which we procure additional advertising inventory, and (iv) transportation entities which grant us license to access and use their bus data. The purchases attributable to our five largest suppliers in each year during the Track Record Period were RMB13.2 million, RMB13.1 million, and RMB23.5 million in 2022, 2023 and 2024 respectively, accounting for 24.6%, 19.6%, and 28.3% of our total purchase amount for the corresponding year, respectively. The purchases attributable to our largest supplier in each year during the Track Record Period were RMB5.3 million, RMB5.1 million, and RMB8.4 million in 2022, 2023 and 2024 respectively, accounting for 9.8%, 7.7%, and 10.1% of our total purchase amount for the corresponding years, respectively.

Year Ended December 31, 2024

Rank	Supplier	Purchase amount	% of total purchase amount ⁽¹⁾	Business relationship since	Services purchased	Supplier background	Settlement method	Registered capital	Headquarters
		(RMB in thousands)						(in thousands)	
1	Supplier A	8,421	10.1	2024	Cross-network advertising services	A privately owned company in the social network industry headquartered in Beijing	Bank transfer	RMB1,000	Beijing
2	Supplier B	6,479	7.8	2020	Server rental services	A privately owned company in software distribution and server rental industry headquartered in Wuhan, Hubei	Bank transfer	RMB2,000	Wuhan

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Rank	Supplier	Purchase amount	% of total purchase amount ⁽¹⁾	Business relationship since	Services purchased	Supplier background	Settlement method	Registered capital	Headquarters
		(RMB in thousands)						(in thousands)	
3	Supplier C	3,874	4.7	2020	Advertising and promotion services	A privately owned advertising company headquartered in Shenzhen, Guangdong	Bank transfer	RMB50,000	Shenzhen
4	Supplier D	2,440	2.9	2020	Advertising and promotion services	A privately owned advertising company headquartered in Shenzhen, Guangdong	Bank transfer	RMB50,000	Shenzhen
5	Supplier E	2,276	2.7	2023	Advertising and promotion services	A privately owned mobile advertising company headquartered in Beijing	Bank transfer	RMB1,000	Beijing
	Total	<u>23,490</u>	<u>28.3</u>						

Year Ended December 31, 2023

Rank	Supplier	Purchase amount	% of total purchase amount ⁽¹⁾	Business relationship since	Services purchased	Supplier background	Settlement method	Registered capital	Headquarters
		(RMB in thousands)						(in thousands)	
1	Supplier B	5,143	7.7	2020	Server rental services	A privately owned company in software distribution and server rental industry headquartered in Wuhan, Hubei	Bank transfer	RMB2,000	Wuhan
2	Supplier F	2,602	3.9	2018	Advertising and promotion services	A privately owned advertising company headquartered in Huai'an, Jiangsu	Bank transfer	RMB10,000	Hui'an

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Rank	Supplier	Purchase amount	% of total purchase amount ⁽¹⁾	Business relationship since	Services purchased	Supplier background	Settlement method	Registered capital	Headquarters
		(RMB in thousands)						(in thousands)	
3 . .	Supplier G	1,817	2.7	2022	Cross-network advertising services	A privately owned company in the social network industry headquartered in Wuhan, Hubei, a subsidiary of a renowned social networking company listed on National Equities Exchange and Quotations	Bank transfer	RMB1,200	Wuhan
4 . .	Supplier D	1,776	2.7	2020	Advertising and promotion services	A privately owned advertising company headquartered in Shenzhen, Guangdong	Bank transfer	RMB50,000	Shenzhen
5 . .	Entity A	1,745	2.6	2020	Advertising and promotion services	A leading information and telecommunication solution provider in China	Bank transfer	RMB3,600,000	Nanjing
	Total	13,083	19.6						

Year Ended December 31, 2022

Rank	Supplier	Purchase amount	% of total purchase amount ⁽¹⁾	Business relationship since	Services purchased	Supplier background	Settlement Method	Registered capital	Headquarters
		(RMB in thousands)						(in thousands)	
1 . .	Supplier B	5,268	9.8	2020	Server rental services	A privately owned company in software distribution and server rental industry headquartered in Wuhan, Hubei	Bank transfer	RMB2,000	Wuhan
2 . .	Entity A	3,643	6.8	2020	Advertising and promotion services	A leading information and telecommunication solution provider in China	Bank transfer	RMB500,010	Nanjing

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Rank	Supplier	Purchase amount (RMB in thousands)	% of total purchase amount ⁽¹⁾	Business relationship since	Services purchased	Supplier background	Settlement Method	Registered capital (in thousands)	Headquarters
3	Supplier H	1,723	3.2	2021	Advertising and promotion services	A privately owned advertising company headquartered in Beijing, a subsidiary of a manufacturing and internet marketing group listed on the Shenzhen Stock Exchange	Bank transfer	RMB500,000	Beijing
4	Supplier I	1,299	2.4	2020	Data licensing services	A state-owned bus company based in Chengdu, Sichuan Province	Bank transfer	RMB5,438,161	Chengdu
5	Supplier G	1,291	2.4	2022	Cross-network advertising services	A privately owned company in the social network industry headquartered in Wuhan, Hubei, a subsidiary of a renowned social networking company listed on National Equities Exchange and Quotations	Bank transfer	RMB118,750	Wuhan
Total		<u>13,224</u>	<u>24.6</u>						

Note:

- (1) Our total purchase amount for a specific year represents the aggregate amount of our cost of sales, selling expenses, administrative expenses, and research and development expenses for the same year, excluding staff costs, [REDACTED], and housing rental expenses for the same year.

To the best of our knowledge, as of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders who owned more than 5% of the issued share capital of our Company, had any interest in our five largest suppliers in each year during the Track Record Period. During the Track Record Period, we have not experienced any significant fluctuation in prices set by our suppliers or material breach of contract on the part of our suppliers.

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Arrangements with Certain Transportation Entities

We enter into licensing agreements with certain transportation entities for their bus data. The salient terms of a standard data licensing agreement with such transportation entities generally include:

- *Services.* The transportation entities agree to license us to access and use a series of bus data for analytics and product development. We agree to pay for the access and use of such bus data.
- *Use of data.* We are required to limit our use of procured data to only the purposes designated in the agreement. Without written consent of transportation entities, we shall not transmit or give access to such data to third parties for commercial benefits.
- *Pricing and payment.* The licensing fees charged by the transportation entities are determined on a case-by-case basis, taking into account factors such as the volumes, types, formats and quality of bus data transmitted to us. We generally make annual payments of licensing fees in each year throughout the term of the agreement.
- *Term.* We typically enter into an agreement with transportation entities with a term of two to three years. In some cases, the agreement will automatically be renewed for one year unless either party objects to the renewal.
- *Confidentiality.* Except as otherwise provided by laws and regulations or with the prior written consent of the other party, each party shall maintain the confidentiality of information obtained in the performance of the relevant agreement and its contractual terms.
- *Exclusivity.* From time to time, the transportation entities may grant us exclusive access to their bus data and agree not to license such data to any other party.
- *Termination.* Either party may terminate the agreement if there is a material breach of contract by the other party.

In 2022, 2023 and 2024, we failed to renew four, three and three licensing agreements with transportation entities, respectively.

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We also enter into cooperation agreements with other transportation entities, through which we grant transportation entities the access to our public transit analytics platform for free, in exchange for our free access to and use of their bus data. The salient terms of such agreements generally include:

- *Cooperation.* We will get free access to real-time bus data within mutually agreed geographical areas. In return, the transportation entities will be granted free access to our public transit analytics platform and modules on such platform.
- *Use of data.* We are required to limit our use of obtained data to only the purposes designated in the cooperation agreement. Without written consent of the cooperating transportation entities, we shall not transmit or give access to such data to third parties for commercial benefits.
- *Term.* We typically enter into a three-year cooperation agreement with a transportation entity. The agreement can be renewed upon mutual agreement by signing a new cooperation agreement or be automatically renewed typically for one year.
- *Confidentiality.* Except with the prior written consent of the other party, each party shall maintain the confidentiality of information obtained in the signing process and performance of the relevant agreement and its contractual terms.
- *Termination.* The agreement is terminated upon the expiry or by mutual agreement by both parties if significant changes in industry policy or market conditions hinder the fulfillment of each party’s obligations. Additionally, either party may terminate the agreement if there is a material breach of contract by the other party.

Agreements with Other Major Suppliers

To expand the reach and enhance the exposure of our advertising customers, we, from time to time, procure from third-party cross-network advertising service providers advertising inventory, and then combine it with our own inventory and offer it to advertising customers, enabling them to effectively target a broader and more diverse audience. See “Financial Information — Description of Major Components of Our Results of Operations — Cost of Sales.” The salient terms of a standard agreement with third-party cross-network advertising service providers generally include:

- *Services.* The cross-network advertising service providers agree to offer advertising inventory for the placement of advertisements or other marketing campaigns of our brand advertisers. We shall pay for the advertising inventory procured from the cross-network advertising service providers.

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- *Pricing and settlement.* The service fees charged by the cross-network advertising service providers are determined based on impressions. The cross-network advertising service providers typically settle the advertising data and invoice us either monthly or based on the progress of the project. They generally grant a credit period of seven to 30 days from invoice date, although some providers may require an upfront payment before service delivery.
- *Term.* The term of the agreement typically ranges from seven to 16 months, varying on a case-by-case basis.
- *Termination.* Either party can terminate the agreement if there is a material breach of contract by the other party.

Meanwhile, we cooperate with advertising and promotion service providers to conduct online and offline marketing campaigns to increase the market awareness and recognition of our brand and offerings. The salient terms of a standard agreement with advertising and promotion service providers generally include:

- *Services.* The advertising and promotion service providers agree to conduct online and offline marketing campaigns to promote Chelaile, including online advertisements featured on search engines, mobile app stores and social media platforms as well as offline advertisements displayed on buses and at bus stations, and we agree to pay for such advertising services.
- *Pricing.* The advertising fees charged by advertising and promotion service providers are determined based on the display or performance data of advertisements about Chelaile placed on these providers’ platforms. We may opt for one or more of the following models for advertising fees: (i) cost-per-time, where advertising is paid on the basis of time and duration of the placed advertisements, (ii) cost-per-mille, where advertising is paid on the basis of thousand impressions, (iii) cost-per-download, where advertising is paid on the basis of each download of users as a result of advertising, and (iv) cost-per-click, where advertising is paid on the basis of each click of the advertisements.
- *Settlement and payment.* We are required to make payment of the advertising fees confirmed in our email correspondence with the advertising and promotion service providers, generally within five days before placing advertisements.
- *Term.* We typically enter into a one-year agreement with the advertising and promotion service providers.
- *Content monitoring.* We provide the content of advertisements to be placed and are ultimately liable for any non-compliance of such content. We are required to comply with applicable laws and regulations when placing advertisements with the advertising and promotion service providers. In the event that the content of

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advertisements is in violation of the applicable laws or regulations, we may be required to modify our advertisements and the advertising and promotion service providers have the right to reject or remove any inappropriate advertisements at their discretion.

Moreover, the salient terms of a standard agreement with an intermediary for server rental services generally include:

- *Services.* The intermediary for the server rental services recharges our server rental service account based on our payment and provides a certain percentage of discount.
- *Pricing.* The service fees charged by the intermediary for the server rental services are determined by our actual purchase of services, and under certain circumstances, we are entitled to a discount under the standard pricing for such services.
- *Settlement and payment.* We are required to make payment within three days after signing the agreements. The intermediary will then fully recharge our server rental service account and our future service fees will be deducted from the account credits.
- *Termination.* Either party can terminate the agreement by giving a notice to terminate the agreement no later than 30 days before the expiration of the agreement.

In addition, we also enter into licensing agreements with leading map service providers in China, for the underlying data necessary for displaying city maps on Chelaile when we provide real-time bus information. The salient terms of a standard agreement with a map service provider generally include:

- *Services.* The map service provider agrees to grant us access to their map data and the authorization to use the map data on Chelaile and provide such maps to users through Chelaile. The map service provider is also obligated to provide necessary technical support and maintenance. We shall pay for the access to and use of the map data as well as related services provided by the map service provider.
- *Pricing and settlement.* The map service provider generally charges a fixed amount of licensing fees for data usage and services during the term of the licensing agreement, which are determined based on the volume of map data and the maximum number of user queries that can be accommodated per second. Under certain circumstances, we are entitled to a discount under the standard pricing for such services.
- *Use of data.* We are required to limit our use of obtained map data to only the purposes designated in the licensing agreement and not to infringe any rights of the map service provider associated with the licensed map data.

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- *Term.* We typically enter into a one-year licensing agreement with the map service provider. We generally renew such licensing agreement by signing a supplemental agreement or a new licensing agreement before the expiration of the original agreement.
- *Termination.* The licensing agreement may be terminated upon mutual agreement in writing. The map service provider may unilaterally terminate the licensing agreement if there is a material breach of contract by us.

OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS

During the Track Record Period, one of our major suppliers, Supplier G, a small-sized app developer with advertising inventory on its app, was also our customer. In 2022, 2023 and 2024, we procured advertising inventory from Supplier G as supplement to our own advertising inventory on Chelaile to better meet the needs of our brand advertisers. In the same years, we also provided Supplier G with advertising operation services to assist Supplier G in making appropriate advertising strategies and efficiently managing their advertising inventory. According to CIC, it is common in the mobile advertising industry that a media publisher procures additional advertising inventory from other media publishers while providing advertising operation services for such other media publishers.

In 2022, 2023 and 2024, our revenue generated from Supplier G amounted to RMB0.8 million, RMB0.2 million and RMB0.0 million, respectively, accounting for 0.6%, 0.1% and nil of our total revenue for the same years, respectively. For the same years, our purchases from Supplier G amounted to RMB1.3 million, RMB1.8 million and nil, respectively, accounting for 2.4%, 2.7% and nil of our total purchase amounts for the same years, respectively.

During the Track Record Period, Entity A, our second largest supplier in 2022 and fifth largest supplier in 2023, a leading information and telecommunication solution provider in China, was also our five largest customer in 2024. We procured advertising and promotion services from Entity A and Entity A was also one of our brand advertisers. In 2022, 2023 and 2024, our revenue generated from Entity A amounted to RMB0.1 million, RMB0.7 million and RMB14.0 million, respectively. For the same years, our purchases from Entity A amounted to RMB3.6 million, RMB1.7 million and nil, respectively.

To the best knowledge of our Directors, during the Track Record Period, there were no other overlaps between our top five suppliers and customers or between our top five customers and suppliers. Our Directors confirm that all transactions with our overlapping customer and supplier were conducted in the ordinary course of business and were based on normal commercial terms and at arm’s length, and the sales to and purchases from this entity were neither interconnected nor conditional upon each other.

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SEASONALITY

Our results of operations are subject to seasonal fluctuations. For example, the growth of active users tends to fall during school holidays, such as summer and winter breaks. Our advertising customers generally increase their investment in marketing and increase their advertising spending during the shopping festivals initiated by major e-commerce platforms in China in June and November every year. Seasonal fluctuations have not thus far posed material operational and financial challenges to us, as such periods tend to be brief and predictable, allowing us to re-allocate resources and improve efficiency ahead of time.

EMPLOYEES

We recognize the immense value of our employees and consider them vital to our ongoing success. We have consistently strived to attract and retain top talent by offering training programs, competitive compensation packages, and opportunities for career advancement. As of December 31, 2024, we had a total of 135 full-time employees and all of them are based in China. The following table sets forth the numbers of our full-time employees categorized by function as of December 31, 2024:

Function	Number	Percentage
Research and development.	48	35.6%
Product	17	12.6%
Marketing	24	17.8%
Operation	21	15.6%
Administrative	25	18.5%
Total	135	100.0%

The following table sets for the composition of our full-time employees by gender and age as of December 31, 2024:

Gender	Number	Percentage
Male	70	51.9%
Female	65	48.1%
Total	135	100.0%

Age group	Number	Percentage
30 years old or younger.	43	31.9%
31 – 50 years old	91	67.4%
50 years old or older	1	0.7%
Total	135	100.0%

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Recruitment and Training

We primarily recruit our employees through employee referrals and online channels including our corporate website and social networking platforms. We undertake a strict interview process for recruitment purposes. We enter into standard employment agreements, as well as confidentiality and non-compete agreements with our employees in accordance with market practice. As part of our human resources strategy, we offer employees competitive salaries and performance-based bonuses. Bonus payments are generally discretionary and based in part on employee performance and on the overall performance of our business.

In accordance with relevant laws and regulations such as the Labor Law of the PRC (《中華人民共和國勞動法》) and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), we have formulated internal policies to manage our recruitment and hiring process and employee relationships. We strictly review the age and background of all candidates during the recruitment process to avoid any noncompliance incidents such as child labor or forced labor. If there are any potential noncompliance risks, we immediately make further investigations and take appropriate preventive measures. As of December 31, 2024, we had not had any incidents of child labor or forced labor.

Remuneration and Benefits

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments including, among other things, pensions, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing fund plans through a PRC government-mandated benefit-contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. Moreover, to support the health and well-being of our employees, we provide various benefits and perks to our employees, such as medical check-ups, team-building events, technology allowances, as well as gifts for holidays, birthdays and other special occasions.

During the Track Record Period and up to the Latest Practicable Date, we were fully contributing to the housing provident fund contributions for our employees. However, we did not fully contribute to social insurance for some of our employees as required under the applicable PRC law, primarily because (i) the implementation and interpretation of the relevant PRC laws and regulations among different local government authorities vary, and are difficult for our responsible staff to strictly follow due to their lack of comprehensive understanding of the relevant laws and regulations; and (ii) certain employees were unwilling to pay the social insurance in full as it requires additional contributions from these employees.

As advised by our PRC Legal Advisor, according to the relevant PRC laws and regulations, for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated period, and we may be liable for a late

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payment fee equal to 0.05% of the outstanding contribution amount for each day of delay. In 2022, 2023 and 2024, the aggregate outstanding amount of social insurance contributions amounted to RMB3.8 million, RMB4.7 million and RMB4.7 million, respectively. If we fail to repay the outstanding social insurance contributions within the stipulated period, we may be liable for an additional fine of one to three times the outstanding contribution amount. See “Risk Factors — Risks Relating to Our Business and Industry — Risks Related to Litigation and Compliance — Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.”

As confirmed by our Directors, as at the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance contributions, and we had not received any material complaint from any of our employees as a result of our arrangement with respect to social insurance contributions.

We undertake to promptly make payments for the deficient amount and overdue charges upon receiving requests from the competent government authorities. In addition, on September 21, 2018, the Ministry of Human Resources and Social Security of the PRC issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilization 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》). This notice promotes the reduction of social insurance contributions by companies to avoid overburdening enterprises and prohibits local authorities from requiring enterprises to make up for historically underpaid or unpaid social insurance contributions in one go. Based on the foregoing, our PRC Legal Advisor is of the view that if (i) we make timely contributions to social insurance upon requested by relevant government authorities, and (ii) there is no material changes to current PRC laws and regulations, nor to the practices in policy implementation and local government inspections concerning social insurance, in the absence of material complaints from our employees, the risk of our PRC subsidiaries being subject to material administrative penalties for failure to make full social insurance contributions is relatively low.

We have taken the following rectification measures to prevent future occurrences of such noncompliance:

- We have been actively communicating with the local government authorities and will pay the deficient amount and overdue charges for the social insurance contribution as soon as practicable once we receive the notification from the relevant PRC government authorities.
- We are in the process of communicating with our employees with a view to seeking their understanding and cooperation in complying with the applicable payment base.
- We have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a regular basis.

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- We will consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations, including but not limited to PRC laws and regulations in relation to social insurance and housing provident funds, to keep us abreast of relevant regulatory developments.
- We have and will continue to provide relevant employees with trainings about compliance with PRC laws and regulations in relation to social insurance and housing provident funds.

Our Directors believe that such non-compliance would not have a material adverse effect on our business and results of operations, considering that: (i) to our knowledge and based on the written confirmations issued by the competent government authorities of our Company, we had not been subject to any administrative penalties due to failure to fully contributing to social insurance during the Track Record Period and up to the Latest Practicable Date; (ii) we were neither aware of any material employee complaints filed against us nor involved in any material labor disputes with our employees with respect to social insurance during the Track Record Period and up to the Latest Practicable Date; (iii) we undertake to make timely payments for the outstanding amount and late charges, as soon as requested by the competent government authorities; and (iv) as stated above, our PRC Legal Advisor is of the view that, the risk that we will be subject to material administrative penalties for failure to make full social insurance contributions is relatively low. As a result, we did not make any provisions in connection with these non-compliances during the Track Record Period and up to the Latest Practicable Date. However, we have taken into account such non-compliances in management of our funds.

Diversity, Equality and Inclusion

We believe that diversity, including but not limited to gender diversity, is important to us in thriving in the business environment. We foster inclusion and equality among employees from all backgrounds, regardless of age, gender, disability, and citizenship status, among others. We have established a transparent and fair recruitment, compensation and promotion system that prohibits any discrimination or harassment based on factors such as gender, nationality, ethnicity, race, disability, religious beliefs or marital status. We are committed to advancing equal pay among male and female employees, ensuring that every employee has equal opportunities to enjoy benefits, participate in training programs and achieve career development. We hold regular all-employee meetings, build anonymous email feedback mechanisms, and encourage communication with the human resources department, seeking suggestions and insights from our employees to enhance the transparency and fairness of decision-making.

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Internal Policies

We strive to achieve employee rights protection. To define management requirements and procedures for the introduction, development, cultivation, training, assessment, motivation, and exit of human resources, our employee handbook describes in detail our guidelines and implementation for our employee management practice. We established a series of internal regulations to assist in protecting our employee rights, including employee compensation and dismissal, recruitment and promotion, working hours, vacation, communication and whistleblowing channels, and rewards and punishments for employee performance.

Relationship with Employees

We believe that we have a good working relationship with our employees. Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. We handle our labor disputes in accordance with applicable laws, rules and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant labor disputes.

COMPETITION

According to CIC, we are the third-largest public bus information service provider in China in terms of revenue in 2024. According to CIC, Chelaile is the largest real-time bus information platform in China by city coverage, spanning 274 cities as of December 31, 2024. See “Industry Overview — Competitive Landscape of China’s Public Bus Information Service Market — Competitive Landscape.”

China’s public bus information service industry is highly competitive and rapidly changing with the evolving market demand and user preferences. We compete with public bus information service providers across various sectors to attract and retain users and customers. Our competitors may compete with us in a variety of ways, including by providing sophisticated products, investing in novel technology development, executing brand-focused promotions and other marketing initiatives and orchestrating investments in, as well as acquisitions of, our business associates. Our competitors may manage to offer superior offerings and achieve greater market acceptance within the market, which may divert user traffic or attention from our platform.

Some local transportation entities, particularly in tier-3 and lower-tier cities, have already launched real-time bus data platforms offering services similar to Chelaile, and others may develop comparable platforms in the future. These self-developed platforms aim to process and utilize bus data to improve decision-making and operational efficiency. However, according to CIC, local transportation entities encounter several issues with their own platforms, including:

- *Imprecise data and suboptimal user experience.* Many local transportation entities lack data cleansing techniques and data quality management systems needed to eliminate inaccuracies and inconsistencies in raw data before analysis, resulting in unreliable predictions and bus information.

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- *Technical limitations.* These entities often lack the expertise and resources to develop and maintain high-performance technology infrastructures capable of processing large volumes of bus data effectively.
- *Limited geographic reach.* Most platforms developed by local transportation entities are designed for a narrow user base and cannot easily expand to other regions without significant adjustments.

Developing a reliable real-time bus data platform requires substantial investment and ongoing costs for operation, maintenance and upgrades. As a result, local transportation entities are often more inclined to collaborate with specialized service providers offering platforms, such as Chelaile, which deliver accurate information and superior user experiences. We believe we are well-positioned to capture significant market opportunities and maintain a competitive edge, even in the face of competition from local transportation entities, particularly in tier-3 and lower-tier cities.

To maintain a competitive edge in the industry, we plan to continually advance technological capabilities, broaden our product portfolio, expand our sales and marketing efforts, enlarge our talent pool, and pursue strategic alliance and investment opportunities. We believe these strategies have broadened our user and customer base and strengthened our market competitiveness.

PROPERTIES

As of December 31, 2024, we had four leased properties in China with an aggregate GFA of approximately 1,365.8 square meters from third parties used as office premises. The leases generally have a term ranging from one year to five years. We will consider renewal of the leases upon their expiry. According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all our interests in land or buildings, for the reason that, as of December 31, 2024, none of the properties leased or owned by us had a carrying amount of 15% or more of our consolidated total assets.

As of the Latest Practicable Date, we had not registered three lease agreements with the relevant government authorities. Under the PRC laws, all lease agreements are required to be registered with the relevant real estate administration bureaus. We did not register these lease agreements because the registration process requires the cooperation of the landlord. As advised by our PRC Legal Advisor, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. However, the relevant government authorities may impose a fine on each unregistered lease ranging from RMB1,000 to RMB10,000. If we fail to complete the administrative filings within the period required by the relevant governmental authorities and

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the relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, the aggregate amount of maximum fine will be approximately RMB30,000.

As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register any lease agreements and we do not expect the failure to register the lease agreements of these properties to be material to our business and results of operations. We undertake to cooperate fully and timely to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities.

Based on the foregoing, our PRC Legal Advisor is of the view that the risk of our PRC subsidiaries being subject to material administrative penalties for failure to complete registration for our lease agreements is relatively low.

INSURANCE

As of the Latest Practicable Date, we had maintained various insurance policies relating to our business operations. We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. See “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Our General Operations — We have limited insurance to cover our potential losses and claims.” We do not maintain property insurance or business interruption insurance. We also do not maintain insurance policies against risks relating to the Contractual Arrangements. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material and adverse effect on our results of operations. During the Track Record Period and up to the Latest Practicable Date, we have not made, nor been the subject of, any material insurance claim.

LICENSES, PERMITS AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we obtained all licenses, permits, approvals and certificates necessary to conduct our operations in all material respects from the relevant government authorities and complied with the conditions and requirements thereof, and such licenses, permits, approvals and certificates remained in full effect, except as the risks and uncertainties described in “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Litigations and Compliance — The absence of requisite approvals, licenses, permits or filings relevant to our business or any failure to maintain, renew or comply with applicable laws, regulations and policies, could have a material and adverse impact on our business, results of operations and financial condition.”

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The following table sets out the details of material licenses, permits and approvals we had obtained for our operations as of the Latest Practicable Date:

<u>License/Permit</u>	<u>Entity Holding the License Permit</u>	<u>Issuing Authority</u>	<u>Grant Date</u>	<u>Expiration Date</u>
Value-added Telecommunications Business Operation License (for provision of internet information services)	Wuhan Yuanguang	MIIT	March 8, 2024	March 8, 2029

We renew our permits, licenses and approvals from time to time to comply with the relevant laws and regulations, and we do not foresee any material legal impediment to renewing such licenses, permits, or approvals as of the Latest Practicable Date.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We are subject to legal proceedings, investigations and claims arising in the ordinary course of our business from time to time. See “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Litigations and Compliance — We, our Directors, senior management, or employees are, and may in the future be, subject to legal and administrative proceedings in the ordinary course of our business. Additionally, negative allegations against us may be posted on the internet. If the outcomes of these proceedings or the information posted online is adverse to us, it could have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects.”

During the Track Record and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any legal, arbitral or administrative proceedings pending or threatened against us or any of our Directors that, individually or in the aggregate, could have a material adverse effect on our business, results of operations or financial condition.

Compliance

We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations which individually or in the aggregate, in the opinion of our Directors, would have a material and adverse effect on our business, financial condition or results of operations. As advised by our legal advisors as to PRC laws, during the Track Record Period and up to the Latest Practicable Date, we complied with the relevant laws and regulations in all material respects.

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INTERNAL CONTROL AND RISK MANAGEMENT

Our Directors are entrusted with the task of formulating and supervising the execution of internal control measures, as well as assessing the efficacy of our risk management framework. We have appointed a seasoned expert who is responsible for internal control and risk management in our day-to-day operations. During the Track Record Period, our Directors did not identify any material internal control weaknesses or failures. Our Directors are of the view that we have adequate and effective internal control procedures.

We have engaged an internal control consultant to evaluate the effectiveness of our internal controls related to our business processes, identify areas of improvement, propose remedial measures, and review the implementation of these measures. The scope of the internal control review encompasses entity-level controls, revenue and receivables, procurement to payment, fixed asset management, treasury management, human resources, financial reporting, tax management, information technology, intellectual property management, research and development expense management, and insurance. As of the Latest Practicable Date, there had been no material outstanding issues relating to our internal control.

Human Resource Risk Management

We have established internal control policies that cover all aspects of human resource management, including recruitment, training, professional ethics, and legal compliance. Our industry is in dire need of experienced employees, especially research and development personnel. The departure of key personnel may have an adverse effect on us. Please refer to “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Our General Operations — Our success depends on the ongoing collaboration of our management team and founders. If we lose their services, our business may be severely disrupted” and “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Our General Operations — If we fail to hire, retain and train qualified employees or sufficient workforce while controlling our labor costs, our business may suffer.”

All our employees have entered into employment agreements with us containing confidentiality, intellectual property, and non-competition clauses. We also require employees to adhere to higher professional ethical standards. We provide all employees with an employee handbook which includes a code of conduct that each employee must adhere to.

Financial Reporting Risk Management

We have implemented a series of accounting policies for financial reporting risk management and have established strict internal reimbursement, financial reporting management and approval policies. Specifically, the finance department implements specific review and verification procedures for invoices, drafts, bills, and other financial documents to ensure the authenticity of the original documents we receive and use. The finance department also checks whether the amounts and times shown on the documents are consistent with the

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relevant contracts. We have a strict internal approval process, and almost all approval matters are completed online through the company’s internal platform, which can achieve good results of full process monitoring while operating efficiently.

Our finance department is led by our chief financial officer. The chief financial officer has extensive financial reporting and internal monitoring experience. Other senior staff in the finance department also have experience in finance and accounting. Besides their professional expertise, we continue to provide training to our financial personnel to ensure strict compliance and effective implementation of financial reporting and risk management policies.

Treasury and Investment Risk Management

We have established an internal control policy for our investments, which is designed to manage the risks associated with external investments through meticulous regulations and procedures. This policy ensures that we achieve reasonable investment returns and enhance the efficiency of our asset management, aligning with the interests of our shareholders. We have an investment evaluation group that oversees the entire investment lifecycle, from project evaluation and pre-investment due diligence to decision-making on investments and exit strategies. Our investment decisions are guided by prudent, step-by-step policies aimed at minimizing risk, which include but are not limited to that (i) our investment evaluation team is mandated to perform due diligence on potential investments to assess risks and obtain investment information, providing a solid foundation for our decisions. When necessary, external third-party agencies may be engaged to conduct audits, legal reviews, or other applicable procedures; (ii) upon completion of the required due diligence, our investment evaluation team may prepare a comprehensive investment risk assessment report for the target investment, providing a panoramic view of the investment, covering prospects, competitive analysis, technical feasibility, regulatory compliance, profitability, and sustainability; and (iii) all materials relating to the investment target including the due diligence report and investment risk evaluation report should be submitted to the executives in charge of investments, who will jointly review and make decisions based on available information, with the outcomes being reported to the board of directors. We believe that by adhering to these robust internal procedures, we can make well-informed and prudent investment decisions, achieving a balanced approach to treasury and risk management.

Information Technology Risk Management

We perform multiple backups of the data from our business operations and if an accident causes a system crash or data loss, we can restore the original data on a timely basis. In the future, we will continue to reserve talents for the research and development team, explore new technical directions, and strengthen the security and compliance of the information system and data usage. In addition, we have also formulated an information security management manual, which stipulates detailed regulations and operation guidelines for network security, data security and personal information protection.

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Legal Compliance and Intellectual Property Risk Management

Our operation risk management involves compliance with the PRC laws and regulations, especially laws and regulations relating to the information service industry as well as protecting intellectual property and avoiding liability for infringing third-party intellectual property rights. We have a team of experienced and top-notch legal professionals to ensure our compliance and control intellectual property-related risks. Our legal department is responsible for approving contracts, monitoring updates in the PRC laws and regulations, and ensuring that business operations continue to comply with the relevant laws and regulations. Our legal department also assists in ensuring that we timely apply to the relevant authorities for all necessary applications or filings for trademark, copyright and patent registration.

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PRC LAWS AND REGULATIONS RELATING TO FOREIGN OWNERSHIP RESTRICTIONS

Overview

Foreign investment activities in the PRC are mainly governed by the Special Administrative Measures for Foreign Investment Access (Negative List) (《外商投資准入特別管理措施(負面清單)》) (the “**Negative List**”) and the Encouraged Industries Catalog for Foreign Investment (《鼓勵外商投資產業目錄》) (the “**Encouraging Catalog**”), which were promulgated and are amended from time to time jointly by the MOFCOM and the NDRC. The Negative List and the Encouraging Catalog divide industries into three categories in terms of foreign investment, namely, “encouraged,” “restricted” and “prohibited.” Industries not listed under the Negative List and the Encouraging Catalog are generally open to foreign investment unless otherwise specifically restricted by other PRC rules and regulations. The currently effective Negative List is the Negative List (2024), which became effective on November 1, 2024. For further details of the limitations on foreign ownership in PRC companies conducting the value-added telecommunication services, and the applicable licensing and approval requirements under PRC laws and regulations, see “Regulations — Regulations Related to Value-added Telecommunications Services” for details.

As advised by our PRC Legal Advisor, a summary of our business/operation that is subject to foreign investment restriction (the “**Relevant Business**”) in accordance with the Negative List and other applicable PRC laws is set out below:

Categories	Our business/operation
“ Restricted ” value-added telecommunication services	According to the Negative List, provision of value-added telecommunication services, which include commercial internet information services pursuant to the PRC Telecommunications Regulations (《中華人民共和國電信條例》) (“ Telecommunications Regulations ”), is a “restricted” business and the shareholding percentage of a foreign investor in companies engaged in such services (excluding e-commerce, domestic multi-party communication, storage-forwarding and call centers) shall not exceed 50%.

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Categories

Our business/operation

Foreign investment in a company providing value-added telecommunication services, including internet information provision services, is subject to the Regulations for the Administration of Foreign invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the “**FITE Regulations**”), which were promulgated by the State Council on December 11, 2001, and subsequently amended on September 10, 2008, February 6, 2016 and recently on March 29, 2022 by the Decision on Amending and Abolishing Some Administrative Regulations (《關於修改和廢止部分行政法規的決定》) issued by the State Council (the “**Order No. 752**”). Following the issue of Order No. 752, the qualification requirements previously set out in the FITE Regulations which the main foreign investor must satisfy for investing in a PRC value-added telecommunication business was removed with effect from May 1, 2022.

The provision of telecommunication information services through mobile application and internet engaged by Wuhan Yuanguang falls within the scope of value-added telecommunication service under the Telecommunications Regulations and requires a value-added telecommunication business operating license for provision of internet information services (“**ICP License**”). The ICP License is subject to foreign investment restrictions (i.e. foreign ownership is permitted to up to 50%) as discussed above.

See “Regulations — Regulations Related to Value-added Telecommunications Services” for details.

Wuhan Yuanguang currently holds an ICP License issued by the MIIT on March 8, 2024. Prior to obtaining the ICP License issued by the MIIT on March 8, 2024, Wuhan Yuanguang held an ICP License issued by the Telecommunication Bureau of Hubei Province. Subsequent to the subscription of 5% of the equity interest in Wuhan Yuanguang by BINARY INVESTMENTS PTE. LTD. in January 2024, Wuhan Yuanguang made an application for the ICP License to reflect the new shareholding structure with the MIIT. The MIIT granted a new ICP License to Wuhan Yuanguang on March 8, 2024.

CONTRACTUAL ARRANGEMENTS

As illustrated above and advised by our PRC Legal Advisor as detailed in “– Legality of the Contractual Arrangements” in this section, we believe that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations and to enable the Group to combine the financial results of the Consolidated Affiliated Entities which are engaged in the operation of the Relevant Businesses. We are of the view that the Contractual Arrangements are narrowly tailored and comply with the requirements set out in Chapter 4.1 of the Guide and the Contractual Arrangements are fundamental to the Group’s legal structure and business operation in all material aspects (“**Company’s Views on the Contractual Arrangements**”).

In February 2025, our PRC Legal Advisor, the PRC legal advisers to the Sole Sponsor and the Sole Sponsor conducted a telephone consultation with an officer from the Information and Communication Administration Department of Hubei Province Communications Administration, being the competent authority in the PRC for confirming matters related to the administration of telecommunication businesses in Hubei Province. During the consultation, the officer confirmed that it had no objection to the contractual arrangements of the companies holding the ICP License. As advised by our PRC Legal Advisor, each of the agreements under the Contractual Arrangements is not in violation of provisions of applicable PRC laws or regulations currently in effect. Based on above, there is no current laws or regulations prohibiting enterprises holding an ICP License from entering into contractual arrangements.

We will make periodic inquiries with relevant PRC authorities to understand any new regulatory development and assess and evaluate our Contractual Arrangements.

Based on the independent due diligence work conducted by the Sole Sponsor, and taking into account the views and basis of the Company and the Company’s PRC Legal Advisor in this regard as disclosed in the sub-section headed “– Legality of the Contractual Arrangements”, nothing has come to the attention of the Sole Sponsor that would reasonably cause the Sole Sponsor to cast doubt on the Company’s Views on the Contractual Arrangements in any material aspect.

OUR CONTRACTUAL ARRANGEMENTS

Overview

Taking into account the restrictions of foreign investment under the PRC laws and regulations as set out above, we had established the contractual arrangements through a series of agreements among Wuhan WFOE, Wuhan Yuanguang, the Registered Shareholders and certain other parties thereto since October 2015, which were amended and restated to reflect the restructuring of Wuhan Yuanguang and most recently amended in February 2025 (the “**Contractual Arrangements**”). The Contractual Arrangements collectively enable us to (i) exercise effective control over the Consolidated Affiliated Entities; (ii) receive substantially all

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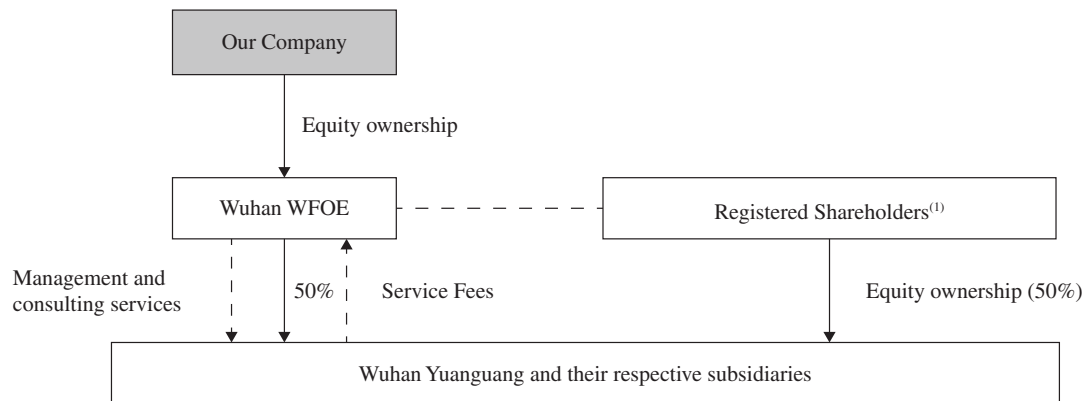
the economic benefits of the Consolidated Affiliated Entities; and (iii) have an exclusive option to purchase all or part of the equity interests in or all or part of the assets of or inject registered capital into the Consolidated Affiliated Entities when and to the extent permitted by PRC laws and regulations.

Our Directors believe that the Contractual Arrangements are fair and reasonable because (i) the Contractual Arrangements were negotiated on an arm’s length basis and entered into between Wuhan WFOE, Wuhan Yuanguang and the Registered Shareholders; (ii) by entering into the Exclusive Business Cooperation Agreement with Wuhan WFOE, which is our Company’s subsidiary incorporated in the PRC, our PRC operating entities will enjoy better economic and technical support from Wuhan WFOE, as well as a better market reputation after the [REDACTED]; and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

As a result of these Contractual Arrangements (including the historical contractual arrangements), we are the primary beneficiary of the Consolidated Affiliated Entities. We have consolidated their financial results into our consolidated financial statements. During the three years ended December 31, 2022, 2023 and 2024, taking into account all of their respective businesses with or without foreign investment restrictions under PRC laws, we derived 97.94%, 99.42% and 99.82% of our revenues from the Consolidated Affiliated Entities, respectively.

Contractual Arrangements

The following simplified diagram illustrates the flow of economic benefits from the Consolidated Affiliated Entities to the Group under the Contractual Arrangements:



Notes:

“——→” denotes beneficial ownership in the equity interest.

“— — →” denotes contractual relationship.

CONTRACTUAL ARRANGEMENTS

“— — — —” denotes the control by Wuhan WFOE over the registered shareholders of Wuhan Yuanguang and Wuhan Yuanguang through (i) power of attorney to exercise the shareholders’ rights in Wuhan Yuanguang, (ii) exclusive options to acquire all or part of the equity interests and assets of Wuhan Yuanguang and (iii) equity pledges over the equity interests held by the registered shareholders in Wuhan Yuanguang.

- (1) The Registered Shareholders of Wuhan Yuanguang are Mr. Chen and Mr. Xiao, holding approximately 33.33% and 16.67% equity interests, respectively.

For further information about the Registered Shareholders, please refer to “History, Reorganization and Corporate Structure.”

Circumstance in which we will unwind the Contractual Arrangements

If the relevant business is no longer falling into the catalog of certain restrictions of foreign investment access required under the applicable laws, and we can legally operate our business under PRC laws, regulations and policies through Wuhan WFOE, Wuhan WFOE will exercise the call option under the exclusive option agreements to acquire the equity interest/assets of the Consolidated Affiliated Entities and unwind the Contractual Arrangements subject to any application or approval procedures and the approval by the relevant governmental authorities.

SUMMARY OF THE MATERIAL TERMS OF THE CONTRACTUAL ARRANGEMENTS

A description of each of the specific agreements that comprise the Contractual Arrangements entered into by Wuhan WFOE and Wuhan Yuanguang and/or its Registered Shareholders is set out below.

Exclusive Business Cooperation Agreement

Wuhan WFOE and Wuhan Yuanguang entered into the exclusive business cooperation agreement on February 10, 2025.

Pursuant to the exclusive business cooperation agreement, Wuhan WFOE has the exclusive right to provide Wuhan Yuanguang with services related to, among other things, comprehensive technical support, professional training, consulting services and rental of equipment and assets. Without prior written consent of Wuhan WFOE, Wuhan Yuanguang agrees not to directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar cooperation relationship with any third party regarding the matters ascribed by the exclusive business cooperation agreements.

Wuhan Yuanguang agrees to pay Wuhan WFOE services fees.

Under the exclusive business cooperation agreement entered into between Wuhan WFOE and Wuhan Yuanguang, the service fees shall consist of 100% of the total revenue of Wuhan Yuanguang during the financial years, after the deduction of, any costs and expenses recognized by Wuhan WFOE. Additionally, Wuhan Yuanguang shall pay Wuhan WFOE a

CONTRACTUAL ARRANGEMENTS

service fee, as otherwise agreed between the parties, for specific technical services provided by Wuhan WFOE from time to time at the request of Wuhan Yuanguang. Notwithstanding the foregoing, Wuhan WFOE may adjust the amount of the services fees for any reason in Wuhan WFOE's reasonable judgement, and Wuhan Yuanguang will accept any such adjustment. Wuhan WFOE has the exclusive ownership of intellectual property rights created as a result of the performance of the exclusive business cooperation agreements. The exclusive business cooperation agreements will remain effective unless terminated in accordance with the provisions of the exclusive business cooperation agreements or mandatory provisions of the laws of the PRC or terminated in writing by Wuhan WFOE. Unless otherwise required by applicable PRC laws, Wuhan Yuanguang shall not have any right to terminate the exclusive business cooperation agreements unilaterally in any event.

Exclusive Option Agreement

The exclusive option agreement was entered into among Wuhan WFOE, Mr. Xiao Pingyuan, Mr. Chen Xiao and Wuhan Yuanguang on February 10, 2025.

Pursuant to the exclusive option agreements among Wuhan WFOE, Wuhan Yuanguang and its shareholders, Wuhan WFOE is irrevocably granted an exclusive option to purchase, or have its designated person to purchase, at its discretion, to the extent permitted under PRC laws, all or part of the relevant registered shareholders' equity interests in Wuhan Yuanguang. The purchase price with respect to the equity interests in Wuhan Yuanguang shall be the amount of RMB1 or the lowest price under applicable PRC laws. The registered shareholders of Wuhan Yuanguang have also undertaken that, subject to the relevant PRC laws, they will return to Wuhan WFOE or its designated person any consideration they receive in the event that Wuhan WFOE exercises the options under the exclusive option agreements to acquire the equity interests in Wuhan Yuanguang.

The shareholders of Wuhan Yuanguang further undertake to pay to Wuhan WFOE any dividends and other distributions they receive in relation to the equity interests they hold in Wuhan Yuanguang under Wuhan WFOE's written consents, to the extent permitted by PRC laws. The shareholders of Wuhan Yuanguang undertake that, without prior written consent of Wuhan WFOE, they will not create any pledge or encumbrance on their equity interests in Wuhan Yuanguang, and approve any sales, transfer or disposal of any assets or legal or beneficial interests of Wuhan Yuanguang. The shareholders of Wuhan Yuanguang agree, among other things, without prior written consent of Wuhan WFOE, not to cause Wuhan Yuanguang to merge with any other entities, increase or decrease its registered capital, declare or distribute dividends, amend its articles of association, enter into any material contract (any contract with contract value greater than the amount specified in each of the Exclusive Option Agreement shall be regarded as a material contract), be liquidated or dissolved unless mandated by PRC laws, incur any debts (except for payables incurred in the ordinary course of business other than through loans and debts that have been disclosed to Wuhan WFOE and obtained Wuhan WFOE's written consents), or undertake any actions that may adversely affect Wuhan Yuanguang operating status and asset value. The shareholders of Wuhan Yuanguang also agrees to appoint the directors and senior management designated by Wuhan WFOE.

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The exclusive option agreement will remain effective till all of the equity interests of Wuhan Yuanguang have been transferred to Wuhan WFOE and/or their designated persons. Unless otherwise required by applicable PRC laws, Wuhan Yuanguang and their respective registered shareholders shall not have any right to terminate the exclusive option agreement unilaterally in any event.

Equity Pledge Agreement

The equity pledge agreement was respectively entered into among Wuhan WFOE, Mr. Xiao Pingyuan, Mr. Chen Xiao and Wuhan Yuanguang on February 10, 2025.

Pursuant to the equity pledge agreements among Wuhan WFOE, Wuhan Yuanguang and its shareholders, all of the equity interests of Wuhan Yuanguang are pledged to Wuhan WFOE as security for performance of the contractual obligations of Wuhan Yuanguang and its shareholders and repayments of the debts. After the completion of the equity pledge registrations, in the event of a breach by Wuhan Yuanguang or its shareholders of contractual obligations under these agreements, Wuhan WFOE, as pledgee, will have the right, but not the obligation, to exercise the pledge. The shareholders of Wuhan Yuanguang also undertake that, during the term of the equity pledge agreement, unless otherwise approved by Wuhan WFOE in writing, they will not transfer the pledged equity interests or create or allow any new pledge or other encumbrance on the pledged equity interests.

The pledges of equity interests under the equity pledge agreements will not terminate until after all the contractual obligations of Wuhan Yuanguang and its shareholders under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of Wuhan Yuanguang and its shareholders under the relevant Contractual Arrangements have been fully paid. We have registered all the equity pledges in Wuhan Yuanguang with the local branch of the SAMR in accordance with PRC laws to perfect their respective equity pledges.

Powers of Attorney

The powers of attorney were respectively executed by each of the registered shareholders of Wuhan Yuanguang, namely Mr. Xiao Pingyuan and Mr. Chen Xiao, in favor of Wuhan WFOE on February 10, 2025.

Pursuant to the powers of attorney executed by each of the Registered Shareholders in favor of Wuhan WFOE, each of the Registered Shareholders irrevocably undertakes to authorize Wuhan WFOE, or its designated persons (including but not limited to directors of Wuhan Yuanguang's holding companies and their successors and liquidators replacing such directors but excluding those non-independent or who may give rise to conflict of interests) as his/its attorney-in-fact to exercise all of his/its rights as a shareholder of Wuhan Yuanguang, including, but not limited to, (i) the right to propose to convene and attend shareholders' meeting of Wuhan Yuanguang; (ii) the right to receive any notice of the convening of the shareholders' meeting and related proceedings; (iii) the right to sign or delivery any written resolutions; (iv) the right to exercise shareholders' voting rights; (v) the right to supervise the

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company's operation performance, approve the company's annual budget or declaring dividends, as well as access the company's financial information at any time; (vi) the right to sell, transfer, pledge or dispose of equity interests; (vii) file documents with the competent authorities, (viii) the right to take legal action against a director or senior management when such director or senior management's behavior damages the interests of the Company or shareholders (ix) the right to sign minutes, approve amendments to the articles of association, and (x) the right to nominate or appoint the legal representatives, directors, supervisors, general manager and other senior management of the VIEs and other voting rights pursuant to the articles of association (subject to the amendments) of the VIEs.

Each power of attorney agreement is irrevocable and remains in effect as long as the relevant shareholder continues to be a shareholder of Wuhan Yuanguang, unless Wuhan WFOE gives any other written instructions.

Spouse undertakings

The spouse of each of Mr. Xiao Pingyuan and Mr. Chen Xiao, being the Registered Shareholders, where applicable, has signed a consent letter on February 10, 2025, respectively. Pursuant to such spousal consent letters, each of the spouses of the applicable individual shareholders of Wuhan Yuanguang acknowledges and confirms the execution of the relevant exclusive business cooperation agreement, equity pledge agreement, exclusive option agreement and power of attorney, and unconditionally and irrevocably agrees that the equity interest in Wuhan Yuanguang held by and registered in the name of his or her respective spouse will be disposed of pursuant to these agreements. In addition, each of them agrees not to assert any rights over the equity interest in Wuhan Yuanguang held by his or her respective spouses. In addition, in the event that any of their respective spouses obtains any equity interest in Wuhan Yuanguang for any reason, such spouses agree to be bound by similar obligations and agree to enter into similar contractual arrangements.

Confirmation from the Registered Shareholders

Each of the Registered Shareholders has confirmed to the effect that (i) his spouse does not have the right to claim any interests in Wuhan Yuanguang (together with any other interests therein) or exert influence on the day-to-day management and voting matters of Wuhan Yuanguang; and (ii) in the event of his death, incapacity or any other event which causes his/her inability to exercise his/her rights as a shareholder of Wuhan Yuanguang, his successors will undertake his/her rights and obligations under the exclusive option agreements and will transfer the equity interests in Wuhan Yuanguang to Wuhan WFOE or their designated persons.

Dispute Resolution

Each of the agreements under the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the Contractual Arrangements, any party has the right to submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration,

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in accordance with the then effective arbitration rules. The arbitration shall take place in Beijing and the language used during arbitration shall be Chinese. The arbitration award shall be final and binding on all parties. Subject to applicable laws and regulations, the dispute resolution provisions also provide that the arbitral tribunal may award any remedies in accordance with applicable PRC laws and regulations, including temporary and permanent injunctive relief (e.g. injunction against carrying out business activities, or mandating the transfer of assets) or order the winding up of Wuhan Yuanguang according to applicable laws; any party may apply to the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company), the PRC and the places where the principal assets of Wuhan Yuanguang are located for interim remedies or injunctive relief.

However, our PRC Legal Advisor has advised that the above provisions may not be enforceable under the PRC laws. For instance, the arbitral tribunal would not grant such injunctive relief, nor will it be able to order the winding up of Wuhan Yuanguang pursuant to the current PRC laws. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that Wuhan Yuanguang or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over Wuhan Yuanguang and conduct our business could be materially and adversely affected. See the section headed “Risk Factors — Risks Relating to Our Corporate Structure” in this document for further details.

Succession

Pursuant to the Contractual Arrangements, any successor of the Registered Shareholders shall assume any and all rights and obligations of the Registered Shareholders under the Contractual Arrangements, as if the successor was a signing party to such Contractual Arrangements.

On the basis sets forth below, our PRC Legal Advisor is of the view that, subject to applicable laws and regulations in the PRC, the Contractual Arrangements provide protection to the Group even in the event of liquidation or bankruptcy of the Registered Shareholders, and liquidation or bankruptcy of the Registered Shareholders would not affect the validity of the Contractual Arrangements, and Wuhan WFOE can enforce its rights under the Contractual Arrangements against the successors of the Registered Shareholders:

- (i) under the Civil Code of the PRC (《中華人民共和國民法典》), where the Registered Shareholders are involved in a merger or division subsequent to the entering into the Contractual Arrangements, the legal person or other entity created by the merger or division shall enjoy all rights and perform all obligations under the Contractual Arrangements in principle;

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- (ii) according to the Exclusive Option Agreement, the Registered Shareholders have undertaken, in any event which causes the inability of the Registered Shareholders to perform their obligations, to transfer all of the equity interests in the Consolidated Affiliated Entities held by them to an individual or legal entity designated by Wuhan WFOE under applicable PRC law, which shall, as required by Wuhan WFOE, continuously obey and perform the Contractual Arrangements;
- (iii) the Contractual Arrangements have also stipulated that (a) the Registered Shareholders shall not dispose of their equity interests in Consolidated Affiliated Entities without the prior written consent of Wuhan WFOE; (b) the Registered Shareholders shall not transfer any of their rights or obligations under the Contractual Arrangements for any reason without the written consents of other parties to the Contractual Arrangements, and the Registered Shareholders shall ensure that their successors continue to abide by and perform their rights and obligations under the Contractual Arrangements; and
- (iv) the spouses of each of the Registered Shareholders (where applicable) have executed an irrevocable undertaking, details of which have been set out in “— Spouse Undertakings” in this section.

Conflict of Interest

Each of the Registered Shareholders of Wuhan Yuanguang has given his irrevocable undertakings in the powers of attorney which address potential conflict of interests that may arise in connection with the Contractual Arrangements. See “— Powers of Attorney” above.

Loss Sharing

None of the agreements constituting the Contractual Arrangements provides that our Company or Wuhan WFOE is obligated to share the losses of the Consolidated Affiliated Entities. Under PRC laws and regulations, the Company or Wuhan WFOE is not expressly required to share the losses of the Consolidated Affiliated Entities or provide financial support to the Consolidated Affiliated Entities. Despite the foregoing, given that we conduct the Relevant Businesses in the PRC through the Consolidated Affiliated Entities which hold the requisite licenses and approvals and that the Consolidated Affiliated Entities’ results of operations and assets and liabilities are consolidated into our results of operations and assets and liabilities under the applicable accounting principles, our business, financial condition and results of operations would be adversely affected if the Consolidated Affiliated Entities suffered losses.

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Liquidation

Pursuant to the equity pledge agreements, in the event of a mandatory liquidation required by the PRC laws upon the request of Wuhan WFOE, the Registered Shareholders of Wuhan Yuanguang shall transfer the proceeds they received from liquidation to the account designated by Wuhan WFOE under the management of Wuhan WFOE, or give such proceeds as a gift or at the lowest price to the extent permitted by the PRC laws to Wuhan WFOE.

Insurance

There are certain risks involved in our operations, in particular, those relating to our corporate structure and the Contractual Arrangements. A detailed discussion of material risks relating to our Contractual Arrangements is set forth in “Risk Factors — Risks Relating to Our Corporate Structure.” We have determined that the costs of insurance for the risks associated with business liability or disruption and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Accordingly, as of the Latest Practicable Date, our Company did not purchase any insurance to cover the risks relating to the Contractual Arrangements. For further details, see “Risk Factors — Risks Relating to Our General Operations — We have limited insurance to cover our potential losses and claims.”

Our Confirmation

Our Directors confirm that, as of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating our businesses through the Consolidated Affiliated Entities under the Contractual Arrangements.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above, our PRC Legal Advisor is of the opinion that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations to the maximum extent and that:

- (i) each of Wuhan WFOE and Wuhan Yuanguang is a duly incorporated and validly existing company and their respective establishment is valid, effective and complies with the relevant PRC laws;
- (ii) parties to each of the agreements under the Contractual Arrangements are entitled to execute the agreements and perform their respective obligations thereunder. Each of the agreements is binding on the parties thereto and none of the agreements under the Contractual Arrangements is void under the Civil Code of the PRC;
- (iii) the execution and performance of the agreements under the Contractual Arrangements does not violate any provisions of the respective articles of association of Wuhan Yuanguang or Wuhan WFOE;

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- (iv) the Contractual Arrangements do not require any approvals from the PRC governmental authorities under the PRC laws currently in effect, except that:
 - (a) the exercise of the option by Wuhan WFOE of its rights under the exclusive option agreements to acquire all or part of the equity interests in Wuhan Yuanguang is subject to the approvals of, filing with and/or registrations with the PRC regulatory authorities;
 - (b) the equity pledges contemplated under the equity pledge agreements are subject to the registration with the relevant SAMR;
 - (c) the arbitration awards/interim remedies provided under the dispute resolution provision of the Contractual Arrangements shall be recognized by the PRC courts before compulsory enforcement; and
- (v) each of the agreements under the Contractual Arrangements is valid, legal and binding under the PRC laws, and enforceable against the relevant party to such agreements in accordance with their respective terms, except that the Contractual Arrangements provide that the arbitral body may award interim remedies over the shares and/or assets of Wuhan Yuanguang, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) and/or order the winding up of Wuhan Yuanguang, and that courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company) and the PRC (being the place of incorporation of Wuhan Yuanguang) also have jurisdiction for the grant and/or enforcement of arbitral award and interim remedies against the shares and/or assets of Wuhan Yuanguang, while under PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in Wuhan Yuanguang in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

Our PRC Legal Advisor is of the view that the each of the agreements under the Contractual Arrangements among Wuhan WFOE, Wuhan Yuanguang and the Registered Shareholders governed by PRC law is not in violation of provisions of applicable PRC laws or regulations currently in effect. However, our PRC Legal Advisor also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations and accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion.

Based on the above analysis and advice from our PRC Legal Advisor, the Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations. See the section headed “Risk Factors — Risks Relating to Our Corporate Structure.”

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As of the Latest Practicable Date, the Company has not received any formal sanctions or regulatory objection to our [REDACTED] plan or Contractual Arrangements from any PRC authorities (including the CSRC).

Accounting Aspects of the Contractual Arrangements

According to HKFRS 10 — Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although our Company does not directly or indirectly own our PRC operating entities, the Contractual Arrangements as mentioned above enable our Company to exercise control over our PRC operating entities.

Under the exclusive business cooperation agreements, it is agreed that, in consideration of the services provided by Wuhan WFOE, Wuhan Yuanguang shall respectively pay service fees to Wuhan WFOE, the amount of which will be determined by Wuhan WFOE. Accordingly, Wuhan WFOE has the ability, at its sole discretion, to extract substantially all of the economic benefit of the Consolidated Affiliated Entities through the exclusive business cooperation agreements.

In addition, under the exclusive option agreements, Wuhan WFOE has acquired contractual control over the distribution of dividends or any other amounts to the equity holders of Wuhan Yuanguang as prior written consent of Wuhan WFOE respectively is required before any distribution can be made by Wuhan Yuanguang respectively. In the event that the registered shareholders of Wuhan Yuanguang receive any profit distribution or dividend from Wuhan Yuanguang, the shareholders must arrange to pay or transfer such amount (subject to the relevant PRC laws and regulations) to Wuhan WFOE, as appropriate.

As a result of the Contractual Arrangements, the Company has obtained control of the Consolidated Affiliated Entities and, at the Company’s sole discretion, can receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities. Accordingly, the results of operations, assets and liabilities, and cash flows of the Consolidated Affiliated Entities are consolidated into the Company’s financial statements.

As advised by our PRC Legal Advisor, each of the agreements under the Contractual Arrangements, including the exclusive business cooperation agreements and exclusive options agreements, is enforceable under the PRC laws and regulations. Accordingly, our Directors consider that the Company can consolidate the financial results of the Consolidated Affiliated Entities into the Group’s financial information as if they were the Company’s subsidiaries. The basis of consolidating the results of the Consolidated Affiliated Entities is disclosed in Note 1 to the Accountants’ Report set out in Appendix I to this document.

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COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (ii) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (iii) the Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports after the [REDACTED]; and
- (iv) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, and review the legal compliance of Wuhan WFOE and the Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

DEVELOPMENT IN PRC LEGISLATION ON FOREIGN INVESTMENT

Background of the Foreign Investment Law

On March 15, 2019, the National People’s Congress approved the Foreign Investment Law which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law, which came into effect on January 1, 2020. The Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Ventures Enterprise Law and the Wholly Foreign-Invested Enterprises Law to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Regulations on the Implementation of the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements.

Impact and consequences of the Foreign Investment Law

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including the Group. We use the Contractual Arrangements to establish control of the Consolidated Affiliated Entities, by Wuhan WFOE, through which we operate the Relevant Business in the PRC. As advised by our PRC Legal Advisor, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law and if

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future laws, regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties with an exception, for which, see “Contractual Arrangements — Legality of the Contractual Arrangements.”

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes “foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council” without elaboration on the meaning of “other methods.” There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See “Risk Factors — Risks Relating to Our Corporate Structure.”

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REGULATIONS RELATED TO COMPANY ESTABLISHMENT AND FOREIGN INVESTMENT

Companies established and operating in the PRC shall be subject to PRC Company Law (《中華人民共和國公司法》), which was promulgated by the SCNPC on December 29, 1993, newly amended on December 29, 2023 and became effective on July 1, 2024. The PRC Company Law provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in the PRC. Unless otherwise provided in the PRC foreign investment laws, the provisions in the PRC Company Law shall prevail.

On March 15, 2019, the NPC approved the PRC Foreign Investment Law (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which came into effect on January 1, 2020 and replaced three laws on foreign investments in the PRC, namely, the PRC Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the PRC Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》) and the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》). On December 26, 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 January 1, 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-Owned 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》). The Foreign Investment Law embodies a predictable PRC regulatory trend to rationalise its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the PRC’s corporate legal requirements for both foreign and domestic invested enterprises. The Foreign Investment Law establishes the basic framework for the access to, and the promotion, protection and administration of foreign investments in view of investment protection and fair competition.

On December 30, 2019, the MOFCOM and the SAMR issued the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which became effective on January 1, 2020. According to the Measures on Reporting of Foreign Investment Information, foreign investors or foreign investment enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System. Foreign investment enterprises shall also submit the annual report for the preceding year during January 1 to June 30 annually through the National Enterprise Credit Information Publicity System.

The Catalogue of Industries for Encouraged Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》) (the “**Encouraging Catalogue**”) was jointly promulgated by the NDRC and the MOFCOM on October 26, 2022 and it came into effect on January 1, 2023. The Negative List was jointly promulgated by the NDRC and the MOFCOM and was last

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amended on September 6, 2024, which became effective on November 1, 2024. The Encouraging Catalogue and the Negative List categorises the industries into 3 categories, including “encouraged”, “restricted”, and “prohibited” (all industries that are not listed under one of “encouraged”, “restricted” or “prohibited” categories are deemed to be “permitted”). The Encouraging Catalogue and the Negative List are subject to review and update by the Chinese government from time to time. Our business in providing value-added telecommunication service falls within the restricted categories of the Negative List.

REGULATIONS RELATED TO VALUE-ADDED TELECOMMUNICATIONS SERVICES

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the “**Telecom Regulations**”), promulgated by State Council on September 25, 2000 and amended on July 29, 2014 and February 6, 2016, is the primary PRC law governing telecommunications services, and set out the regulatory framework for the telecommunication service providers in the PRC. The Telecom Regulations categorizes telecommunications services as either basic telecommunications services, which we generally do not provide, or value-added telecommunications services. Providers of value-added telecommunications services are required to obtain a license for providing value-added telecommunications services. According to the Catalog of Telecommunications Business (《電信業務分類目錄》) (the “**Catalog**”), attached to the Telecom Regulations and was last amended in June 2019, information services provided via public communication network or the Internet are value-added telecommunications services. We engage in business activities that are value-added telecommunications services as defined and described by the Telecom Regulations and the Catalog.

The Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》) (the “**Measures for Internet**”), was promulgated by State Council on September 25, 2000 and most recently amended on December 6, 2024 and became effective on January 20, 2025. Pursuant to the Measures for Internet, the Internet information services providers, also referred to as Internet content providers, or ICPs, that provide commercial services are required to obtain the ICP License from the MIIT or its provincial counterpart before engaging in any commercial Internet information service operations in the PRC. On March 1, 2009, the MIIT issued the Administrative Measures for Telecommunications Businesses Operating Permits (《電信業務經營許可管理辦法》) (the “**Telecom License Measures**”), which initially became effective on April 10, 2009, and was amended on July 3, 2017 and came into effect on September 1, 2017, to supplement the Telecom Regulations. The Telecom License Measures set forth more specific provisions regarding the types of licenses required to provide value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses.

Wuhan Yuanguang has obtained the ICP license.

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REGULATION RELATED TO FOREIGN INVESTMENT RESTRICTIONS IN VALUE-ADDED TELECOMMUNICATIONS SERVICES

Foreign direct investment in telecommunications companies in the PRC is regulated by the Regulations for Administration of Foreign-invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the “**FITE Regulations**”), which became effective on February 6, 2016. The FITE Regulations requires foreign-invested telecommunications enterprises in the PRC, or the FITE, to be established as Sino-foreign joint ventures, and foreign investors shall not acquire more than 50% of the equity interest of such an enterprise. In addition, the foreign investor of the FITE engaging in value-added telecommunications services must satisfy a number of stringent performance and operational experience requirements, including demonstrating a track record and experience in operating a value-added telecommunications business overseas. The FITEs that meet these requirements must obtain approvals from the MIIT and the MOFCOM or their authorized local branches, before launching the value-added telecommunications business in the PRC.

The State Council promulgated the Decision of the State Council on Revising and Repealing Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) on March 29, 2022, according to which the FITE Regulations was amended and has come into effect on May 1, 2022 (the “**New FITE Regulations**”). The New FITE Regulations only requires foreign investors shall not acquire more than 50% of the equity interest of such FITE, except as otherwise provided, and do not further require stringent performance and operational experience for foreign investor of such FITE engaging in value-added telecommunication services. The FITEs that meet these requirements must obtain approvals from the MIIT or its authorized local branches, before launching the value-added telecommunications business in the PRC.

On April 8, 2024, the MIIT issued the Circular on Implementing the Pilot Programs Work to Expand the Opening-up of the Value-Added Telecommunications Services (《工業和信息化部關於開展增值電信業務擴大對外開放試點工作的通告》). The circular states that the MIIT will launch pilot programs to expand the opening-up of value-added telecommunications services, and the pilot programs will be initially launched in several regions, including Beijing, Shanghai, Hainan and Shenzhen. In the regions approved to launch pilot programs, foreign ownership restrictions in certain value-added telecommunications business will be removed, including internet data centers services, content delivery networks services, internet access services, online data processing and transaction processing services, information publishing platforms and delivery services (excluding internet news information, online publishing, online audiovisual, and internet cultural operations) and information protection and processing services. Foreign invested enterprises conducting these services in approved pilot regions are required to obtain approval from the MIIT in accordance with applicable law and regulations.

To comply with the above foreign investment restrictions, we operate our value-added telecommunications services in China through Wuhan Yuanguang.

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REGULATION RELATED TO MOBILE INTERNET APPLICATIONS INFORMATION SERVICES

In addition to the Telecom Regulations and other regulations above, mobile Internet applications, or the APPs, are specifically regulated by the Provisions on the Administration of Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (the “**APP Provisions**”), which was promulgated by the Cyberspace Administration of China, or the CAC, on June 28, 2016 and amended on June 14, 2022, and the latest amendment of which took effect from August 1, 2022. According to the APP Provisions, relevant qualifications required by laws and regulations shall be acquired for providing app information services and the engagement in app distribution services such as Internet app stores. The CAC and its local branches shall be responsible for the supervision and administration of nationwide and local APP information respectively.

APP providers shall fulfill their responsibilities of information security management, and perform the following duties, including, but not limited to: (i) in accordance with the principles of “real name at background, any name at foreground”, verify identities with the registered users through mobile phone numbers, identity document numbers or unified social credit codes; (ii) establish and improve the mechanism for regulating personal information processing and user information security protection, following the principle of “legality, legitimate, necessity and good faith” in processing personal information, with clear and reasonable purposes; (iii) establish a sound information content review and management mechanism, and establish and improve management measures for user registration, account management, information review, routine inspections, and emergency response, with professionals and technical capabilities commensurate with their service scale; (iv) adhere to the principle of being most beneficial to minors, and strictly implement the requirements for the registration and login of minors’ user accounts with real identity information in accordance with the law; (v) not induce users to download apps by means of false advertisement, bundled downloads, or other acts, or via machine or manual comment control, or by using illegal and harmful information; (vi) perform the obligation of ensuring data security, establish a sound whole-process data security management system, take technical measures to ensure data security and other security measures, strengthen risk monitoring, and shall not endanger national security or public interests, or damage the legitimate rights and interests of others.

On February 6, 2023, the MIIT released the Notice on Further Raising the Service Capabilities of Mobile Internet Applications (《工業和信息化部關於進一步提升移動互聯網應用服務能力的通知》), which reiterates the importance of service capabilities of mobile internet applications and relevant service providers, and imposes a series of requirements for applications developers, applications service providers and applications platform services providers, including but not limited to providing appropriate services related to downloading and uninstalling mobile internet applications with users, using automatic renewal services only upon the users’ consent and offering convenient options to cancel automatic renewal services to users.

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On July 21, 2023, the MIIT promulgated the Notice on the Record-filing of Mobile Internet Applications (《工業和信息化部關於開展移動互聯網應用程序備案工作的通知》), which requires the filing of mobile internet applications programs with the authorities by the operators of such mobile internet applications programs in China. Operator of mobile internet applications programs shall not engage in any internet information service if it fails to complete the filing. The operator of mobile internet applications programs shall indicate the filing number in a prominent position of the mobile internet applications program and link the URL of the filing system for public inquiry and verification. Operators of existing mobile internet applications programs must complete filing procedures through an Internet service provider (ISP) or a mobile internet applications program distribution platform between September 2023 and March 2024. New mobile internet applications programs cannot be put into use unless and until the filing procedures have been completed. As of the date of the Document, Wuhan Yuanguang has completed the filing for its mobile internet applications with the relevant PRC government authorities.

REGULATIONS RELATING TO ADVERTISING BUSINESS

Advertising

Advertising activities in the PRC shall be subject to the Advertising Law of the PRC (《中華人民共和國廣告法》) (the “**Advertising Law**”) which was promulgated by the SCNPC on October 27, 1994 and was last amended on April 29, 2021 and the Regulations on Administration of Advertisement (《廣告管理條例》) which was promulgated by the State Council on October 26, 1987 and became effective on December 1, 1987. According to the Advertising Law, the advertisers refer to the natural persons, legal persons or other organisations that, for the purpose of marketing products or services, design, produce and publish advertisements either by themselves or by commissioning others to do so. The advertising operators refer to the natural persons, legal persons or other organisations that on a commission basis provide advertisement designing, production and agent service. The advertisement publishers refer to the natural persons, legal persons or other organisations that publish advertisements for advertisers or advertising operators commissioned by advertisers.

An advertisement shall not contain any information that is false or causing misunderstanding, and shall not deceive or mislead consumers. Advertisers shall be responsible for the authenticity of the contents of their advertisements. An advertisement shall not involve any of the following circumstances: (i) using or using in a disguised manner the national flag, the national anthem, the national emblem, the army flag, the military song or army emblem of the PRC; (ii) using or using in a disguised manner the names or images of the State organs or their functionaries; (iii) using words such as the State-level, the highest-grade or the best; (iv) impairing the dignity or interests of the State or disclosing the secrets of the State; (v) hindering social stability or harming public interests; (vi) endangering the safety of the person or property, or disclosing personal privacy; (vii) hindering the public order or violating the sound social morals; (viii) having information suggesting pornography, eroticism, gamble, superstition, terror or violence; (ix) carrying information of ethnic, racial, religious or sexual discrimination; (x) hindering the protection of environment, natural resources or cultural

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heritage; or (xi) other circumstances prohibited by laws or administrative rules and regulations. In addition, an advertisement shall be readily identifiable. Where any law or regulation requires any content to be indicated expressly in an advertisement, such content shall be prominently and clearly indicated.

An advertising operator or an advertisement publisher shall, in accordance with relevant provisions of the State, establish and perfect a system of acceptance registration examination and verification, and record management for advertising business. An advertising operator or an advertisement publisher shall check relevant supporting documents and verify the contents of advertisements in accordance with laws and administrative rules and regulations. For an advertisement with untrue information or incomplete supporting documents, the advertising operator shall not provide designing, production and agent service, and the advertisement publisher shall not publish such advertisement. With respect to the publish of the advertisements for medical treatment, pharmaceuticals, medical devices, agricultural pesticides, veterinary drugs or health food, or other advertisements subject to examination as provided by laws or administrative rules and regulations, the relevant departments shall, prior to the publishing, examine the contents of such advertisements; in the absence of such examination, such advertisements shall not be published.

Advertising operators or publishers who knowingly, or who should have known, that the content of advertisements is false and/or illegal but still proceed with the design, production, agency representation, or publication of such advertisements may face severe penalties. These penalties can include the confiscation of advertising fees and/or fines ranging from five to ten times the advertising fees, or up to RMB 2 million if the advertising fees are incalculable or significantly below the standard. Additionally, the relevant authorities have the discretion to suspend the advertisement publishing business and may revoke the business license in serious circumstances. Advertising operators or publishers who fail to establish and maintain a system for acceptance, registration, examination, and verification in accordance with the law, or who fail to verify the contents of advertisements, may be subject to fines of up to RMB 50,000.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we have not received any material complaints or claims, nor have we been subject to any administrative penalties from the relevant regulatory authorities regarding the content of any advertisements published on the Chelaile platform.

Internet Advertising

On February 25, 2023, the SAMR promulgated the Administrative Measures for Online Advertising (《互聯網廣告管理辦法》), which became effective on May 1, 2023 and the Interim Administrative Measures for Online Advertising (《互聯網廣告管理暫行辦法》) issued under the Order of the (former) State Administration for Industry and Commerce No. 87 on July 4, 2016, was abolished simultaneously.

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An advertising agent or advertising publisher shall establish, improve and implement systems for the receipt and registration, moderation, file management in respect of their online advertising business. Furthermore, advertising agents and advertising publishers shall cooperate, in accordance with the law, with the investigation of the online advertising industry conducted by market regulatory authority, and provide truthful, accurate, and complete information in a timely manner.

The Administrative Measures for Online Advertising further provides that an online advertisement shall be identifiable so that it can be clearly identified by consumers as an advertisement. Any paid search advertisement for a product or service shall be prominently indicated as an “advertisement” by the advertising publisher to distinguish it from natural search results. When publishing an online ad in forms such as in pop-up form, the advertiser and the advertising publisher shall prominently display a close symbol to ensure that it can be closed in one click. It is prohibited to deceive or mislead users into clicking or browsing an advertisement through certain means.

For those who violating the Administrative Measures for Online Advertising, they may be subject to punishment, including but not limited to fines, confiscating advertising fees, suspension of advertisement publishing business, or revocation of business license.

REGULATIONS RELATED TO THE PROTECTION OF CYBER SECURITY, DATA AND PRIVACY PROTECTION

Cyber Security and Data Protection

The Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cyber Security Law**”), which was promulgated on November 7, 2016 and came into effect on June 1, 2017, requires that when constructing and operating a network, or providing services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cyber security events, to prevent criminal activities committed on the network, and to protect the integrity, confidentiality and availability of network data. The Cyber Security Law emphasises that any individuals and organisations that use networks must not endanger network security or use networks to engage in unlawful activities such as those endangering national security, economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Cyber Security Law has also reaffirmed certain basic principles and requirements on personal information protection previously specified in other existing laws and regulations. Any violation of the provisions and requirements under the Cyber Security Law may subject an internet service provider to rectifications, warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of qualifications, closedown of websites or even criminal liabilities.

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The Data Security Law was passed by the SCNPC on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law requires the data processor to establish and improve a whole-process data security management system, organise data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities by using the internet or any other information network, the data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of licences or even criminal liabilities.

On July 30, 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the “**CII Regulations**”), effective on September 1, 2021. According to the CII Regulations, a “critical information infrastructure” has the meaning of an important network facility and information system in important industries such as, among others, public communications and information services, energy, transport, water conservation, finance, public services, e-government affairs and national defense science, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people’s livelihood, or the public interests in the event of damage, loss of function, or data leakage. Pursuant to the CII Regulations, the relevant governmental authorities are responsible for establishing rules for identifying critical information infrastructures based on several specified factors. They will also identify the operators of these infrastructures within related industries according to these rules. Additionally, the authorities are responsible for notifying the operators identified as the critical information infrastructure operators. As at the Latest Practicable Date, we had not been notified by any authorities of being classified as a critical information infrastructure operator.

On December 28, 2021, the CAC, the NDRC, the MIIT and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on February 15, 2022. Pursuant to Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services and network platform operators engaging in data processing activities are subject to cybersecurity review under the Cybersecurity Review Measures if their activities affect or may affect national security. The relevant competent governmental authorities may initiate the cybersecurity review against the relevant operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security. In addition, network platform operators who possess personal information of more than one million users, and intend to be listed on a foreign stock exchange, must be subject to the cybersecurity review. We process personal information of more than one million users. We may be considered as “a platform operator and possesses more than one million users’ personal information” by government authorities. On August 4, 2023, we, together with the Sole Sponsor, our PRC Legal Advisor and the Sole Sponsor’s PRC Legal Advisor, made a telephone consultation with the China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心) (the “**CCRC**”, which has changed name to China

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Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心)), which is delegated by the CAC to accept applications for cybersecurity review, the staff of which confirmed that the term “listing abroad (赴國外上市)” under Article 7 of the Cybersecurity Review Measures exempts listing in Hong Kong from the mandatory obligation of ex-ante application of cybersecurity review and thus we are not required to proactively submit an application for cybersecurity review for the [REDACTED]. The telephone consultation was carried out on a real-name basis and we have introduced our business model briefly during the consultation. Based on the foregoing and the advice of our PRC Legal Advisor, our Directors are of the view that we do not need to initiate the application for cybersecurity review pursuant to the Cybersecurity Review Measures (“**Directors’ Views on Applicability of Cybersecurity Review**”).

As at the Latest Practicable Date, we had not been notified by any authorities of being classified as a critical information infrastructure operator, nor had we been involved in any investigations on cybersecurity review made by the CAC. During the Track Record Period and up to the Latest Practicable Date, (i) there had been no material incidents of data leakage, infringements of data protection and privacy laws and regulations, or investigations or other legal proceedings, pending or threatened against us by any government authorities or third parties that could materially and adversely affect our business; and (ii) we had not been subject to any material fines, administrative penalties, or other sanctions from relevant regulatory authorities for violations of cybersecurity and data protection laws and regulations. Furthermore, we have implemented comprehensive cybersecurity and data protection policies, procedures and measures to ensure the secure storage and transmission of data, prevent unauthorized access or use, and protect personal information. Based on the foregoing, our PRC Legal Advisor and our Directors are of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with laws and regulations relating to cybersecurity and data privacy in all material respects (“**Directors’ Views on Compliance with Cybersecurity Regulations**”).

On September 30, 2024, the State Council published the Data Security Regulations (《網絡數據安全管理條例》), which became effective on January 1, 2025. The Data Security Regulations provides that network data processors conduct network data processing activities that affects or may possibly affect national security must conduct national security review in accordance with relevant laws and regulations. It also imposes specific requirements for network data processors that process important data. The Data Security Regulations define “important data” as “data in specific fields, specific groups, specific regions or reaching certain accuracy and scale, which if tampered with, destroyed, leaked or illegally obtained or used may directly endanger national security, economic operation, social stability, public health and safety.” The Data Security Regulations calls for the national data security coordination mechanism to coordinate with relevant authorities to issue catalogues of “important data” in relevant regions and sectors. Network data processors must identify and report the “important data” processed by them to relevant authorities, who are required to notify the network data processors or publish the results to the public in a timely manner. The Data Security Regulations imposes several compliance obligations on network data processors that process important data, including but not limited to, (i) appoint a network data security officer and

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establish an internal data security management organization; (ii) conduct a risk assessment before sharing, entrusting vendors for processing or jointly processing of important data, unless the above processing activities are necessary for fulfilling legal duties or obligations; (iii) report the important data disposition plan (including the name and contact information of the recipient of the important data to competent authorities at the provincial level before a merger, division, dissolution, or bankruptcy that could materially affect the security of important data; and (iv) conduct an annual risk assessment of network data processing activities and submit a risk assessment report to the relevant authorities at the provincial level which will then share the report with the provincial branch of the CAC and the public security authority.

As of the Latest Practicable Date, (i) we have not been notified by any PRC government authorities that we are classified as a critical information infrastructure operator which may be subject to cybersecurity review in circumstances that may affect national security in accordance with the Cybersecurity Review Measures; (ii) we have implemented comprehensive policies and rules and taken necessary measures regarding cybersecurity and data protection, which are in compliance with the mandatory requirements set forth by PRC government authorities in all material respects; (iii) the data we collect and generate within mainland China is stored within its territory, and our daily operations and the [REDACTED] do not involve the cross-border transfer of identified core data, important data or a significant volume of personal information; (iv) we have not received any inquiries, notices, warnings from PRC government authorities, nor have we been subject to any investigations, sanctions or penalties made by any PRC government authorities related to national security risks caused by our business operations or the proposed [REDACTED]; and (v) we have not been involved in any services, products or data processing activities that might pose national security risks as set forth in Article 10 of the Cybersecurity Review Measures, and we have not been inquired about, investigated, warned or penalized by any PRC government authorities in this respect. Based on foregoing, our PRC Legal Advisor is of the view that, as of the Latest Practicable Date, the likelihood that our business operations and/or the [REDACTED] give rise to national security risks which subject us to cybersecurity review under the Cybersecurity Review Measures is relatively low. However, our PRC Legal Advisor has also advised us that, given that there is no clear explanations or interpretations regarding what constitutes “affecting national security” under the current effective PRC laws and regulations and the PRC government authorities have discretion in interpreting these regulations, the PRC government authorities may take a position contrary to the opinion of our PRC Legal Advisor (“**Directors’ Assessment of National Security Risk**”).

We will (i) closely monitor and assess any regulatory developments related to cybersecurity and data protection; (ii) timely adjust and optimize our data protection practices to comply with the new legal requirements; (iii) continuously improve our data security technologies and internal control procedures, engaging external consultants for advice on cybersecurity and data protection as needed; and (iv) proactively maintain communications with the local branches of CAC and apply for cybersecurity review as applicable. Our Directors do not foresee any material impediments to complying with these requirements in the Data Security Regulations in all material aspects. Based on the foregoing analysis and the advice of

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our PRC Legal Advisor, our Directors believe that the Data Security Regulations would not materially adversely impact our business operations or the proposed [REDACTED] (“**Directors’ Views on Impacts of Cybersecurity Regulations**”).

Based on the independent due diligence work conducted by the Sole Sponsor and taking into account the views and basis of the Company and the Company’s PRC Legal Advisor as disclosed above, nothing has come to the Sole Sponsor’s attention that would reasonably cause the Sole Sponsor to cast doubt on the Directors’ Views on Applicability of Cybersecurity Review, the Directors’ Views on Compliance with Cybersecurity Regulations, the Directors’ Assessment on National Security Risk and the Directors’ Views on Impacts of Cybersecurity Regulations in any material aspect.

On September 17, 2021, the CAC and other eight government authorities jointly issued the Guiding Opinions on Strengthening the Comprehensive Governance of Network Information Service Algorithms (《關於加強互聯網信息服務算法綜合治理的指導意見》) with the aim to, within three years, gradually establish a comprehensive governance pattern for algorithm security with a complete governance mechanism, a refined regulatory system and a standardized algorithm ecosystem. According to the Guiding Opinions on Strengthening the Comprehensive Governance of Network Information Service Algorithms, enterprises shall establish an algorithm security accountability system and a system for the review of scientific and technological ethics, enhance the organizational structure for algorithm security, intensify efforts in the prevention of risks and the handling of hidden dangers, and increase the capacity and level in handling algorithm security emergencies. Enterprises shall raise their awareness of responsibility and assume primary responsibilities for outcomes caused by the application of algorithms.

On December 31, 2021, the CAC, the MIIT, the Ministry of Public Security (the “MPS”), and the SAMR promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》), which implements classification and hierarchical management for algorithm recommendation service providers based on various criteria. Moreover, it requires algorithmic recommendation service providers to (i) fulfill their responsibilities for algorithmic security, (ii) establish and improve management systems for, among others, algorithm mechanism examination, ethical vetting in technology, user registration, information release vetting, protection of data security and personal information, anti-telecommunications and internet fraud, security assessment and monitoring, and emergency response to security incidents, and (iii) formulate and disclose relevant rules for algorithm recommendation services, and be equipped with professional staff and technical support appropriate to the scale of the algorithm recommendation services. It also requires algorithmic recommendation service providers to provide users with options that are not specific to their personal characteristics, or provide users with convenient options to cancel algorithmic recommendation services. If the users choose to cancel the algorithm recommendation services, the algorithm recommendation service providers shall immediately stop providing such services. Algorithmic recommendation service providers shall also provide users with the ability to select, modify or delete user labels which are used for algorithmic recommendation services.

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On July 7, 2022, the CAC promulgated the Cross-Border Data Transfer Measures (《數據出境安全評估辦法》) which came into effect on September 1, 2022. The Cross-Border Data Transfer Measures provides four circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of cross-border data transfer. These circumstances include: (i) where a data processor transfers important data overseas; (ii) where a critical information infrastructure operator, or a data processor processing the personal information of more than one million individuals, who, in either case, transfers personal information overseas; (iii) where a data processor who has, since January 1 of the previous year cumulatively transferred overseas the personal information of more than 100,000 individuals, or the sensitive personal information of more than 10,000 individuals; or (iv) other circumstances under which security assessment of data cross-border transfer is required as prescribed by the national cyberspace administration.

On March 22, 2024, the CAC released the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), which came into effect on the same day. Such provisions specify the situations in which the declaration for the security assessment, the conclusion of the standard contract, and the personal information protection certification are not required. For example, the following circumstances are not subject to a data export security assessment, entering into a standard contract for the export of personal information, or passing the personal information protection certification: (i) the establishment and performance of a contract with data subjects, such as cross-border shopping, cross-border delivery, cross-border remittance, cross-border payment, cross-border account opening, air ticket and hotel reservation, visa handling and examination services; (ii) where employee personal information must be provided overseas in conjunction with a collective contract and with the implementation of human resources management; (iii) to protect the life, health, and safety of natural persons in an emergency; and (iv) where a data handler other than a critical information infrastructure operator provides abroad the personal information (excluding sensitive personal information) of not more than 100,000 persons accumulatively as of January 1 of the current year. However, to provide personal information abroad, a data handler shall, in accordance with laws and administrative regulations, perform obligations such as notification, obtaining individual consent and conducting an assessment of the impact of personal information protection. Any data handler providing data abroad shall perform data security protection obligations and take technical and other necessary measures to ensure the security of data to be provided abroad.

On December 8, 2022, the MIIT issued the Measures for the Administration of Data Security in the Field of Industry and Information Technology (for Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》), which took effect on January 1, 2023. These measures regulate data processing activities in the industry and information technology sectors in China. They apply to industrial enterprises, software and information technology service companies, and companies holding licenses for operation of telecommunication services that independently determine the purposes and methods of data processing in the course of data processing activities. Data processing activities covered by the measures include, among others, the collection, storage, use, processing, transmission, provision, and disclosure of data.

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The measures provide that data in the field of industry and information technology includes industrial data, telecommunication data, and radio data generated and collected during the operation of relevant services. They also introduce a three-tier classification system for the data in the field of industry and information technology (i.e. general, important, and core data), and provide specific requirements for the management of data classifications and data protection measures. Data processors processing important data or core data must file a catalogue with the relevant authorities, detailing data categories, classification, quantity, processing purposes and methods of data processing, scope of use, responsible entities, data sharing, cross-border transfer of data, and data security protection measures. If more than 30% of the quantity (i.e., number of data items or amount of data stored) of important and core data changes, or if any other material filing information is updated, data processors must update the filing information with the authorities within three months after such change. In addition, the measures indicate that the legal representative or principal of the data processor is the primary person held accountable for data security and the person in charge of data security bears direct responsibility for the security of data processing activities.

Privacy Protection

PRC government authorities have enacted laws and regulations with respect to Internet information security and protection of personal information from any abuse or unauthorized disclosure. Internet information in China is regulated and restricted from a national security standpoint. The SCNPC enacted the Decisions on Maintaining Internet Security (《關於維護互聯網安全的決定》) on December 28, 2000, which was further amended on August 27, 2009 and may subject violators to criminal punishment in China for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. The MPS has promulgated measures that prohibit use of the Internet in ways which, among other things, result in a leakage of state secrets or a spread of socially destabilizing content. If an Internet information service provider violates these measures, the MPS and its local branches may shut down its websites and suggest the relevant authority to revoke its operating license if necessary.

Under 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 December 29, 2011 and became effective on March 15, 2012, an Internet information service provider must collect users' personal information by obtaining the consent of users, expressly inform the users of the method, content and purpose of the collection and processing of such user's personal information and properly maintain the user's personal information.

In addition, pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》) issued by the SCNPC on December 28, 2012 and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》) issued by the MIIT on July 16, 2013, any collection and use of a user's personal information must be subject to the consent of the user and be within the specified purposes, methods and scopes. An Internet information service

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provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying any such information, or selling or providing such information to other parties. An Internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss.

On January 23, 2019, the CAC, the MIIT, the MPS, and the SAMR jointly issued the Notice on Special Governance of Illegal Collection and Use of Personal Information via Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), which restates the requirement of legal collection and use of personal information, encourages app operators to conduct security certifications, and encourages search engines and app stores to clearly mark and recommend those certified apps.

On November 28, 2019, the CAC, MIIT, the MPS and the SAMR jointly issued the Measures to Identify Illegal Collection and Usage of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》), which lists six types of illegal collection and usage of personal information, including, but not limited to “not publishing rules on the collection and usage of personal information”, “not providing privacy rules”, and “collecting and using users’ personal information without consent.”

On May 28, 2020, the NPC adopted the Civil Code of the PRC (《中華人民共和國民法典》), effective on January 1, 2021. According to the Civil Code, individuals have the right of privacy. No organization or individual shall process any individual’s private information or infringe an individual’s right of privacy, unless otherwise prescribed by law or with the consent of such individual or such individual’s guardian.

On March 12, 2021, the CAC, the MIIT, the MPS and the SAMR jointly issued the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》) (the “**Necessary Personal Information Rules**”), which came into effect on May 1, 2021. According to the Necessary Personal Information Rules, mobile app operators shall not deny users’ access to its basic functions and services on the basis that such user disagrees with the provision of their personal information that is not necessary. The Necessary Personal Information Rules further provides relevant scopes of necessary personal information for different types of mobile apps.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law, effective on November 1, 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer, and security. Entities processing personal information bear responsibilities for their activities of processing personal information, and shall adopt necessary measures to safeguard the security

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of the personal information that they process. Otherwise, the entities processing personal information could be ordered to correct, or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties.

On June 27, 2022, the CAC promulgated the Administrative Provisions on the Account Information of Internet Users (《互聯網用戶帳號信息管理規定》), which took effect on August 1, 2022. The obligations of internet-based information service providers include but not limited to: (i) authenticate the identity information of the users who apply for registration of relevant account and verify the account information submitted by users upon registration; (ii) display the location information of IP addresses of internet users’ accounts on the information page of internet users’ accounts; and (iii) equip themselves with professional and technical capabilities appropriate to the scale of services.

Further, the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), which issued by the SCNPC on August 29, 2015, and became effective on November 1, 2015, stipulates that any network service provider that fails to fulfill the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to take corrective measures, will be subject to criminal liability for causing (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users’ information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

REGULATIONS RELATED TO FOREIGN EXCHANGE

Foreign Currency Exchange

The principal regulations governing foreign currency exchange in PRC are the Administrative Regulations for Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Regulations**”), which was promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008. Under the Foreign Exchange Regulations, the RMB is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of the PRC, unless the prior approval of the SAFE is obtained and prior registration with the SAFE or its local branches is made.

The SAFE issued the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**Circular 13**”) on February 13, 2015, and it took effect on June 1, 2015 and was partially repealed on December 30, 2019. The SAFE Circular 13 requires PRC residents or entities to register with qualified banks rather than SAFE or its local branches with relation to the direct investment in foreign exchange beyond China.

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The SAFE released the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**Circular 19**”) on March 30, 2015 and it became effective on June 1, 2015, which was partially repealed on December 30, 2019 and was last amended on March 23, 2023. In accordance with the SAFE Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the “discretionary foreign exchange settlement” approach. The proportion of discretionary foreign exchange settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined to be 100%, while SAFE can adjust the aforementioned proportion in due time based on the situation of international balance of payments. On June 9, 2016, the SAFE published the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》) (the “**Circular 16**”) and it took effect at the same time and was last amended on December 4, 2023. According to the SAFE Circular 16, enterprises that have registered in the PRC may also discretionally determine to convert their foreign debts from foreign currency to RMB.

In accordance with the Circular 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》) (the “**SAFE Circular 28**”), which was issued and came into effect on October 23, 2019 by the SAFE, foreign-invested enterprise engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to laws and regulations under the condition that the Negative List are not violated and the relevant domestic investment projects are true and compliant.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements.

Foreign Exchange Registration of Overseas Investment by PRC Residents

On July 4, 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 37**”) which has become effective on the same date.

Under SAFE Circular 37, PRC residents, including PRC individuals and institutions, shall register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such

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PRC residents’ legally owned onshore or offshore assets or interests, as a “special purpose vehicle” under SAFE Circular 37. SAFE Circular 37 further requires amendment to the registration in the event of any significant or material changes with respect to the special purpose vehicle. In the event that a PRC shareholder holding equity interests in a special purpose vehicle fails to comply with the required SAFE registration, the PRC subsidiaries of such special purpose vehicle may be prohibited from making profit distributions to its offshore parent company and prohibited from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiaries.

Under SAFE Circular 37, if a non-listed special purpose vehicle uses its own equity to grant equity incentives to any directors, supervisors, senior management or any other employees directly employed by a domestic enterprise which is directly or indirectly controlled by such special purpose vehicle, or with which such an employee has established an employment relationship, related PRC residents and individuals may, prior to exercising their rights, apply to the SAFE for foreign exchange registration formalities for such special purpose vehicle. However, in practice, different local SAFE offices may have different views and procedures on the interpretation and implementation of the SAFE regulations, and since SAFE Circular 37 was the first regulation to regulate the foreign exchange registration of a non-listed special purpose vehicle’s equity incentives granted to PRC residents, there remains uncertainty with respect to its implementation. These aforementioned regulations shall apply to our direct and indirect shareholders who are PRC residents and may apply to any offshore acquisitions and share transfer that we make in the future if our shares are issued to PRC residents.

Stock Incentive Plans

Under the Circular of the SAFE Circular 7, which was enacted by SAFE on February 15, 2012 and became effective on the same date, and other relevant rules, domestic employees, directors, supervisors, consultants and other senior management taking part in any equity incentive plan of an overseas publicly listed company, who is a PRC citizen or non-PRC citizen residing in China for a continuous period of no less than one year, shall complete the registration and other several procedures with SAFE and its local branch. The PRC residents joining in the equity incentive plan must retain one domestic qualified agent to handle the registration in SAFE, opening of bank account, capital transfer and other procedures relevant to the equity incentive plan. At the same time, an overseas institution shall be entrusted, as well, to perform the exercise, trade the corresponding shares or equities, capital transfer and other issues. The income of foreign exchange PRC residents by selling out the shares according to the equity incentive plan and the dividend distributed by the overseas-listed company shall be distributed to the PRC residents after being remitted to the bank account in China opened by the domestic institutions. In addition, SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with SAFE or its local branches before he or she would exercise the rights of employee stock ownership plan. Failure to complete the SAFE registrations may result in fines and legal

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sanctions on such domestic individuals and may also limit their capability to contribute additional capital into the wholly foreign-owned subsidiary in China and further limit such subsidiary’s capability to distribute dividends.

REGULATIONS RELATED TO INTELLECTUAL PROPERTY RIGHTS

Copyright

On September 7, 1990, the SCPNC promulgated the Copyright Law of the PRC (《中華人民共和國著作權法》) (the “**Copyright Law**”), which was amended in 2001, 2010, and 2020, respectively. The Copyright Law provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation and other rights that shall be enjoyed by the copyright owners. Reproducing, publishing, performing, projecting, broadcasting or plagiarizing without permission from the owner of the copyright, unless otherwise provided in the Copyright Law of the PRC, shall constitute infringements of copyrights.

In order to further implement the Computer Software Protection Regulations (《計算機軟件保護條例》), promulgated by the State Council on December 20, 2001 and amended on January 8, 2011 and January 30, 2013 respectively, the National Copyright Administration (the “NCA”), issued Computer Software Copyright Registration Procedures (《計算機軟件著作權登記辦法》) on February 20, 2002, which specify detailed procedures and requirements with respect to the registration of software copyrights.

To address the problem of copyright infringement related to content posted or transmitted over the Internet, on April 29, 2005 the NCA and the MII jointly promulgated the Measures for Administrative Protection of Copyright Related to Internet (《互聯網著作權行政保護辦法》), which became effective on May 30, 2005. Upon receipt of an infringement notice from a legitimate copyright holder, an ICP operator must take remedial actions immediately by removing or disabling access to the infringing content. If an ICP operator knowingly transmits infringing content or fails to take remedial actions after receipt of a notice of infringement harming public interest, the ICP operator could be subject to administrative penalties, including an order to cease infringing activities, confiscation by the authorities of all income derived from the infringement activities, or payment of fines.

On May 18, 2006, the State Council promulgated the Regulations on the Protection of the Right to Network Dissemination of Information (《信息網絡傳播權保護條例》), which was amended in 2013. Under these regulations, an owner of the network dissemination rights with

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respect to written works or audio or video recordings who believes that information storage, search or link services provided by an Internet service provider infringe his or her rights may require that the Internet service provider delete, or disconnect the links to, such works or recordings.

Trademark

On August 23, 1982, the SCNPC promulgated the Trademark Law of the PRC (《中華人民共和國商標法》) (the “**Trademark Law**”), which was last amended on April 23, 2019. On August 3, 2002, the State Council promulgated the Implementation Regulation for the Trademark Law (《中華人民共和國商標法實施條例》), which was amended on April 29, 2014. Under the Trademark Law and the implementation regulation, the Trademark Office of China National Intellectual Property Administration (the “**Trademark Office**”) is responsible for the registration and administration of trademarks in China. Registered trademarks are valid for a term of 10 years from the date of the registration. A registration renewal application shall be filed within twelve months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office to be recorded. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. As with trademarks, the Trademark Law has adopted a “first come, first file” principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

Patent

The SCNPC promulgated the Patent Law of the PRC (《中華人民共和國專利法》) on March 12, 1984, which was amended in 1992, 2000, 2008, and 2020, respectively. On June 15, 2001, the State Council promulgated the Implementation Regulation for the Patent Law (《中華人民共和國專利法實施細則》), which was lately amended on December 11, 2023. According to these laws and regulations, the State Intellectual Property Office is responsible for administering patents in the PRC. The PRC patent system adopts a “first to file” principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who filed the application first. To be patentable, invention or utility models must meet three conditions: novelty, inventiveness and practical applicability. Furthermore, patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation. A patent is valid for twenty years in the case of an invention, ten years in the case of utility models and fifteen years in the case

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of designs, starting from the application date. Except under certain specific circumstances provided by law, any third-party user shall obtain prior consent or a proper license from the patent owner to use the patent otherwise, such third party may result in an infringement of the rights of the patent holder.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017. The MIIT is the major regulatory body responsible for the administration of the PRC internet domain names, under supervision of which the China Internet Network Information Center (the “CNNIC”) is responsible for the daily administration of “.cn” domain names and Chinese domain names. CNNIC adopts the “first to file” principle with respect to the registration of domain names. In November 2017, the MIIT promulgated the Notice on Regulating the Use of Domain Names in Providing Internet-based Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which became effective on January 1, 2018. Pursuant to the notice, the domain name used by an internet-based information service provider in providing internet-based information services must be registered and owned by such provider in accordance with the law. If the internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity’s shareholders), or the entity’s principal or senior manager.

REGULATIONS RELATED TO TAXATION

Enterprise Income Tax (“EIT”)

Pursuant to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) (the “EIT Law”) promulgated on March 16, 2007, amended on February 24, 2017 and December 29, 2018, and the Enterprise Income Tax Implementation Regulations of the PRC (《中華人民共和國企業所得稅法實施條例》) (the “EITIR”), which was promulgated by the State Council on December 6, 2007, became effective on January 1, 2008 and was amended on April 23, 2019 and December 6, 2024, the income tax rate for both domestic and foreign-invested enterprises is 25%. Enterprises established outside the PRC with “de facto management bodies” located in the PRC are considered as “resident enterprises” and are subject to the uniform 25% enterprise income tax rate for their global income. “Non-resident enterprises” are defined as enterprises that are organized under the laws of foreign countries and have “de facto management bodies” located outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law, non-resident enterprises are generally subject to a uniform corporate income tax of 25%. However, pursuant to the EIT Law and its implementing rules, if non-resident enterprises have not formed establishments or premises in the PRC, or if they have formed establishments or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the establishments or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

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Value-added Tax (“VAT”)

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993 and last amended on November 19, 2017 with effect from the same day and the Implementing Rules of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF on December 25, 1993, came into effect on January 1, 1994, and was last amended on October 28, 2011, all entities or individuals in the PRC engaging in the sale of goods, services, intangible assets or real estate, the provision of processing repairing and replacement services, and the importation of goods are required to pay VAT. The amount of VAT payable is calculated as “output VAT” minus “input VAT.” The rate of VAT is 17% for those engaging in the sale or importation of goods, provision of processing, repairing and replacement services, or lease of tangible personal property, except as otherwise provided in the Provisional Regulations on Value-added Tax of the PRC.

The tax rate was adjusted to 13% according to the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) which was issued on April 4, 2018 and took effect from May 1, 2018 and the Announcement on Policies related to Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) which was promulgated jointly by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019. For general VAT taxpayers selling services and intangible assets, the value-added tax rate is 6%. The value-added tax rate shall be 3% for small-scale taxpayers, unless otherwise stipulated by the State Council.

On December 25, 2024, the SCNPC published the PRC Value-Added Tax Law (《中華人民共和國增值稅法》), which will come into effect on January 1, 2026, replacing the Provisional Regulations on Value-added Tax of the PRC. The new law reaffirms the provisions of the Provisional Regulations on Value-added Tax of the PRC and make changes in the areas of taxable acts, tax jurisdiction, deemed sales, non-taxable items, simplified taxation, withholding agents, input taxes, non-creditable input taxes, mixed sales, and input credit carry-forward and refund.

Dividend Withholding Tax

According to the EIT Law, dividends paid by foreign-invested companies to their foreign investors that are non-resident enterprises as defined under the law are subject to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation 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》) (the “**Double Tax Avoidance Arrangement**”) promulgated on August 21, 2006, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the

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relevant conditions and requirements under such Double Tax Avoidance Arrangement, the withholding tax rate on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% from 10% applicable under the EIT Law and the EITIR.

However, based on the Notice of the State Administration of Taxation on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) promulgated and took into effect on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

Based on the Notice of the State Administration of Taxation on the Recognition of Beneficial Owners in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》), which was promulgated by SAT on February 3, 2018 and came into effect on April 1, 2018, a comprehensive analysis will be used to determine beneficial ownership based on the actual situation of a specific case combined with certain principles, and if an applicant was obliged to pay more than 50% of its income to a third country (region) resident within 12 months of the receipt of the income, or the business activities undertaken by an applicant did not constitute substantive business activities including substantive manufacturing, distribution, management and other activities, the applicant was unlikely to be recognized as an beneficial owner to enjoy tax treaty benefits.

Enterprise Income Tax on Indirect Transfer of Non-resident Enterprises

On December 10, 2009, the SAT issued the Notice on Strengthening Administration of Enterprise Income Tax Concerning Proceeds from Equity Transfers by Non-Resident Enterprises (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (the “**Circular 698**”). By promulgating and implementing the Circular 698, the PRC tax authorities have enhanced their scrutiny over the indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. The SAT further issued the SAFE Circular 7 on February 3, 2015, to supersede existing provisions in relation to the indirect transfer as set forth in the Circular 698. The SAFE Circular 7 introduces a new tax regime that is significantly different from that under the Circular 698. The SAFE Circular 7 extends its tax jurisdiction to capture not only indirect transfer as set forth under the Circular 698 but also transactions involving transfer of immovable property in China and assets held under the establishment and place, in China of a foreign company through the offshore transfer of a foreign intermediate holding company. The SAFE Circular 7 also provides clearer criteria than the Circular 698 on how to assess reasonable commercial purposes and introduces safe harbor scenarios applicable to internal group restructurings. Where a non-resident enterprise indirectly transfers equity interests or other assets of a PRC resident enterprise by implementing arrangements that are not for reasonable commercial purposes to avoid its obligation to pay enterprise income tax, such an indirect transfer shall, in accordance with the EIT Law, be recognized by the competent PRC tax authorities as a direct transfer of equity interests or other assets by the PRC resident enterprise.

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On October 17, 2017, the SAT promulgated the Announcement on Matters Concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》) (the "SAT Circular 37"), which came into force and replace the Circular 698 and certain other regulations on December 1, 2017 and partly amended on June 15, 2018. The SAT Circular 37 does, among other things, simplify procedures of withholding and payment of income tax levied on non-resident enterprises.

REGULATIONS RELATED TO LABOUR AND SOCIAL WELFARE

Labour Protection

According to the Labour Law of the PRC (《中華人民共和國勞動法》) (promulgated by the SCNPC on July 5, 1994, became effective as at January 1, 1995, and as amended on August 27, 2009 and December 29, 2018), enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by State rules and standards on workplace safety, educate employee in labour safety and sanitation in the PRC. Labour safety and sanitation facilities shall comply with national standards. The enterprises and institutions shall provide employees with workplace safety and sanitation conditions, which comply with State stipulations and relevant labour protection articles.

According to the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007 and came into effect on January 1, 2008, and was amended on December 28, 2012 and came into effect on July 1, 2013, and the Regulation on the Implementation of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated and came into effect on September 18, 2008, labour contracts must be concluded in written form. Upon reaching an agreement after due negotiation, an employer and an employee may conclude a fixed-term labour contract, a non-fixed-term labour contract, or a labour contract that concludes upon the completion of certain work assignments. Upon reaching an agreement after due negotiation with employees or under other circumstances in line with legal conditions, an employer may terminate a labour contract and dismiss its employees in accordance with the PRC laws. Labour contracts concluded before the issuance of Labour Law and existing during its effective term shall continue to be acknowledged.

Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labour Injury (《工傷保險條例》) implemented on January 1, 2004 and amended on December 20, 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, The Unemployment Insurance Measures (《失業保險條例》) promulgated on January 22, 1999, the

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Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) implemented on January 22, 1999 and amended on March 24, 2019 and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated on October 28, 2010 and amended on December 29, 2018, enterprises are obliged to provide their employees in mainland China with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labour injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit. Employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency (社會保險費徵收機構) to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from 1 to 3 times the amount of the amount in arrears.

In accordance with the Regulations on the Administration of Housing Provident Fund of the PRC (《住房公積金管理條例》) (promulgated by the State Council on April 3, 1999 and was amended on March 24, 2002 and March 24, 2019), enterprises must register at the competent managing centre for housing funds and upon the examination by such managing centre of housing funds, these enterprises shall complete procedures for opening an account for the deposit of employees’ housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner. In violation of the Regulations on Administration of Housing Provident Fund, an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management centre shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit have not been made after the expiration of the time limit, an application may be made to a people’s court for compulsory enforcement.

REGULATIONS RELATED TO M&A AND OVERSEAS LISTING

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM and the CSRC, jointly issued the Regulations on Mergers with and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”), which became effective on September 8, 2006 and amended on June 22, 2009. The M&A Rules includes provisions that purport to require that an offshore special purpose vehicle formed for purposes of the overseas listing of equity interests in PRC companies and controlled directly or indirectly by PRC companies or individuals to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. The M&A Rules also establish procedures and requirements that could make some acquisitions of PRC companies by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise.

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In February 2011, the General Office of the State Council promulgated a Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》) (the “**Circular 6**”), which established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Under Circular 6, a security review is required for mergers and acquisitions by foreign investors having “national defense and security” concerns and mergers and acquisitions by which foreign investors may acquire “de facto control” of domestic enterprises with “national security” concerns. In August 2011, the MOFCOM promulgated the Rules on Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》), effective from September 1, 2011, which provide that the MOFCOM will look into the substance and actual impact of a transaction and prohibit foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions.

On July 6, 2021, the relevant PRC governments released the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》), among which, it is mentioned that the administration and supervision of overseas listed China-based companies will be strengthened, and the special provisions of the State Council on overseas issuance and listing of shares by such companies will be revised, clarifying the responsibilities of relevant domestic industry regulatory authorities and other regulatory authorities.

On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (being the Overseas Listing Trial Measures) and relevant supporting guidelines (collectively, the “**Overseas Listing Trial Measures**”), which took effect on March 31, 2023. The Overseas Listing Trial Measures refine the regulatory system for domestic company’s overseas offering and listing by subjecting both direct and indirect overseas offering and listing activities to the filing-based administration, and clearly defines the circumstances where provisions for direct and indirect overseas offering and listing apply and relevant regulatory requirements.

According to the Overseas Listing Trial Measures, among other things, a domestic company in the PRC that seeks to offer and list securities in overseas markets shall fulfil the filing procedure with the CSRC as per requirement of the Overseas Listing Trial Measures. Where a domestic company seeks to directly offer and list securities in overseas markets, the issuer shall fulfil the filing procedure with the CSRC. Where a domestic company seeks to indirectly offer and list securities in overseas markets, the issuer shall designate a major domestic operating entity, which shall, as the domestic responsible entity, fulfil the filing procedure with the CSRC. 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.

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The Overseas Listing Trial Measures also provides that if the issuer both meets the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (i) 50% or more of any 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 fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer’s business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China.

According to the Overseas Listing Trial Measures, if a domestic company fails to fulfil filing procedure, or offers and lists securities in an overseas market in violation of the measures, the CSRC shall order rectification, issue warnings to such domestic company, and impose relevant fines. Directly liable persons-in-charge and other directly liable persons shall be warned and each imposed relevant fine. Besides, controlling shareholders and actual controllers of the domestic company that organise or instruct the aforementioned violations as well as directly liable persons-in-charge and other directly liable persons shall be imposed fines according to the measures.

On February 24, 2023, the CSRC promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Confidentiality and Archives Administration Provisions**”), which took effect on March 31, 2023. According to the Confidentiality and Archives Administration Provisions, domestic companies that carry out overseas offering and listing (either in direct or indirect means) and the securities companies and securities service providers (either incorporated domestically or overseas) that undertake relevant businesses shall institute a sound confidentiality and archives administration system, and take necessary measures to fulfil confidentiality and archives administration obligations. They shall not leak any state secret and working secret of government agencies, or harm national security and public interest. Therefore, a domestic company that plans to, either directly or through its overseas listed entity, publicly disclose or provide to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level. Moreover, if documents and materials that, if leaked, will be detrimental to national security or public interest, are involved, the domestic company shall strictly fulfil relevant procedures stipulated by applicable regulations.

REGULATIONS

Furthermore, the Confidentiality and Archives Administration Provisions stipulates that a domestic company that provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfil due procedures in compliance with applicable regulations. Working papers produced in the mainland China by securities companies and securities service providers in the process of undertaking businesses related to overseas offering and listing by domestic companies shall be retained in the mainland China. Where such documents need to be transferred or transmitted to outside the mainland China, relevant approval procedures stipulated by regulations shall be followed.

CONNECTED TRANSACTIONS

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

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions for our Group, which are subject to the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Contractual Arrangements

A waiver application from (i) strict compliance with the announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, for the fees payable to Wuhan WFOE from Consolidated Affiliated Entities under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less, for so long as our Shares are [REDACTED] on the Stock Exchange, has been submitted to and [granted] by the Stock Exchange subject to certain conditions. If any terms of the Contractual Arrangements are altered or if we enter into any new agreements with any connected persons in the future, we must comply with the relevant requirements under Chapter 14A of the Listing Rules and obtain a separate waiver from the Stock Exchange.

Background for the Contractual Arrangements

As disclosed in the section headed “Contractual Arrangements” in this Document, due to regulatory restrictions on foreign ownership in the PRC, we conduct our business through the Consolidated Affiliated Entities in the PRC.

The Contractual Arrangements entered into among Wuhan WFOE, Consolidated Affiliated Entities and the Registered Shareholders enable us to (i) receive substantially all of the economic benefits from our Consolidated Affiliated Entities in consideration for the services provided by Wuhan WFOE to our Consolidated Affiliated Entities; (ii) exercise effective control over our Consolidated Affiliated Entities to conduct the relevant business; and (iii) hold an exclusive purchase option to purchase all or any part of equity interests in and/or the assets of our Consolidated Affiliated Entities when and to the extent permitted by the PRC laws and regulations.

The transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Group and are subject to reporting, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

See the section headed “Contractual Arrangements” for detailed terms of the Contractual Arrangements.

Reasons for the Waiver Application and the View of Our Directors on the Continuing Connected Transactions

Our Directors, including our independent non-executive Directors, are of the view that (i) the Contractual Arrangements are fundamental to our Group’s legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group’s business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement, circular and approval of independent Shareholders.

Application for and Conditions of Waiver

In relation to the Contractual Arrangements, we have applied to the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules for, and the Stock Exchange [has granted], a waiver from (i) strict compliance with the announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, under Rule 14A.53 of the Listing Rules for the fees payable to Wuhan WFOE from Consolidated Affiliated Entities under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are [REDACTED] on the Stock Exchange subject to the following conditions:

(a) No Change without Independent Non-executive Directors’ Approval

No changes to the terms of any of the agreements constituting the Contractual Arrangements will be made without the approval of the independent non-executive Directors.

(b) No Change without Independent Shareholders’ Approval

Save as described in paragraph (d) below, no changes to the terms of any of the agreements constituting the Contractual Arrangements will be made without the approval of the independent Shareholders. Once independent Shareholders’ approval of any change has been obtained, no further announcement, circular or approval of the independent Shareholders, will

CONNECTED TRANSACTIONS

be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (c) below) will however continue to be applicable.

(c) *Economic Benefits Flexibility*

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through: (i) our Group’s potential right (if and when so allowed under the applicable PRC laws) to acquire the equity interests in and/or assets of Consolidated Affiliated Entities for a nominal price or the minimum amount of consideration permitted by applicable PRC laws and regulations; (ii) the business structure under which the total income generated by the Consolidated Affiliated Entities (net of costs, taxes and retained profits (if any)) is substantially retained by us (such that no annual caps shall be set on the amount of services fees payable to Wuhan WFOE under the relevant exclusive technical services agreements); and (iii) our right to control the management and operation of, as well as, in substance, all of the voting rights of our Consolidated Affiliated Entities.

(d) *Renewal and reproduction*

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and our subsidiaries in which our Company has direct shareholding, on one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as described under the section headed “Contractual Arrangements” in this Document. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish when justified by business expediency will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as our Group’s connected persons and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to the relevant PRC laws, regulations and approvals.

(e) *Ongoing Reporting and Approvals*

We will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:

- (i) The Contractual Arrangements in place during each financial period will be disclosed in our annual report and accounts in accordance with the relevant provisions of the Listing Rules.

CONNECTED TRANSACTIONS

- (ii) Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our annual report and accounts for the relevant year that:
 - (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (iii) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of the Company and the Shareholders as a whole.
- (iii) Our auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors confirming that the transactions carried out pursuant to the Contractual Arrangements have received the approval of our Directors and that no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned/transferred to our Group.
- (iv) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of “connected person,” the Consolidated Affiliated Entities will be treated as the Company’s wholly owned subsidiaries, and the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Consolidated Affiliated Entities and their associates will be treated as the Company’s “connected persons.” As such, transactions between these connected persons and our Group (including, for this purpose, the Consolidated Affiliated Entities) other than those under the Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.

The Consolidated Affiliated Entities further undertake that, for so long as the Shares are [REDACTED] on the Stock Exchange, the Consolidated Affiliated Entities will provide our Group’s management and our auditors with full access to its relevant records for the purpose of procedures to be carried out by our auditors’ on the connected transactions.

Listing Rules Implications

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

DIRECTORS’ CONFIRMATION

Our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions described in this section have been entered into in the ordinary and usual course of our business, on normal commercial terms or better, which are fair and reasonable and in the interests of our Shareholders as a whole. The Directors are of the view that with respect to the terms of the relevant agreements underlying the Contractual Arrangements which are of a duration of longer than three years, it is justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration to ensure: (i) the financial and operational policies of the Consolidated Affiliated entities can be effectively controlled by Wuhan WFOE; (ii) Wuhan WFOE can obtain the economic benefits derived from the Consolidated Affiliated Entities; and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entities can be prevented on an uninterrupted basis.

SOLE SPONSOR’S CONFIRMATION

Based on the documentation, information and data (including historical transaction amounts) provided by the Company and participation in the due diligence and discussion with the Company, the Sole Sponsor is of the view that the continuing connected transactions for which a waiver has been sought have been entered into in the Company’s ordinary and usual course of business on normal commercial terms or better, that are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

The Sole Sponsor is of the view that with respect to the terms of the relevant agreements underlying the Contractual Arrangements, which are of a duration of longer than three years, it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration to ensure that (i) the financial and operational policies of the Consolidated Affiliated Entities can be effectively controlled by Wuhan WFOE; (ii) Wuhan WFOE can obtain the economic benefits derived from the Consolidated Affiliated Entities; and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entities can be prevented on an uninterrupted basis.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

As at the date of this Document, our Board of Directors comprises seven Directors, including four executive Directors and three independent non-executive Directors. Our executive Directors and independent non-executive Directors will be subject to appointment and removal at the annual general meetings of our Company by ordinary resolution in accordance with the Articles of Association.

The following table sets out information in respect of the Directors of our Company:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Roles and responsibilities</u>	<u>Date of joining our Group</u>	<u>Date of appointment as a Director</u>
Dr. Sun Xi (孫熙)*	41	Executive Director, chairman of the Board and chief executive officer	Overall strategic planning, business direction and day-to-day management of our Group	June 1, 2014	October 20, 2015
Ms. Qian Jinlei (錢金蕾).	42	Executive Director and chief operating officer	Day-to-day operations of our Group	September 1, 2015	April 10, 2020
Mr. Xu Cheng (許誠)*	46	Executive Director and chief development officer	New business development and business cooperation maintenance	September 1, 2015	November 9, 2023
Ms. Lu Lu (呂露)	40	Executive Director and chief financial officer	Corporate strategy, financial and capital management, branding and risk management of the Group	May 17, 2023	November 9, 2023
Dr. Xie Tao (謝濤)	49	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board	[REDACTED]	May 30, 2024 (effective from the [REDACTED])

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director
Ms. Su Yu (蘇瑜)	45	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board	[REDACTED]	May 30, 2024 (effective from the [REDACTED])
Mr. Huang Xiaoling (黃曉凌)	48	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board	[REDACTED]	April 3, 2025 (effective from the [REDACTED])

Note:

* Mr. Xu Cheng is the cousin of Dr. Sun

EXECUTIVE DIRECTORS

Dr. Sun Xi (孫熙), aged 41, is our executive Director, the chairman of the Board and the chief executive officer. Dr. Sun joined our Group in June 2014. He was appointed as a Director on October 20, 2015, and re-designated as our executive Director on May 30, 2024. Dr. Sun is primarily responsible for the overall strategic planning and business direction and day-to-day management of our Group.

Prior to the establishment of Wuhan Yuanguang, Dr. Sun served as the director of research and development at Tenfen (Beijing) Information Technology Co., Ltd. (十分(北京)信息科技有限公司) from September 2012 to June 2014. From April 2009 to August 2012, Dr. Sun worked at IBM China Research Laboratory as a researcher focusing on intelligent transportation.

Dr. Sun received a bachelor’s degree from the Department of Computer Science and Technology of Peking University in the PRC in July 2003 and a Ph.D. degree from school of electronics engineering and computer science of Peking University in the PRC in January 2009.

Dr. Sun is a senior engineer in computer science and technology certified by the Human Resources and Social Security Department of Hubei Province (湖北省人力資源和社會保障廳) in August 2022 and has been awarded the innovative talents under 3551 Optics Valley Talent Plan (3551光谷人才計劃) of 2021 by the Administrative Committee of Wuhan East Lake New-tech Development Zone (武漢東湖新技術開發區管理委員會).

DIRECTORS AND SENIOR MANAGEMENT

Ms. Qian Jinlei (錢金蕾), aged 42, is our executive Director and chief operating officer. Ms. Qian joined our Group as chief operating officer in September 2015. She was appointed as a Director on April 10, 2020, and re-designated as our executive Director on May 30, 2024. Ms. Qian is primarily responsible for day-to-day operations of our Group.

Prior to joining our Group, Ms. Qian worked at Beijing Qunar Software Technology Co., Ltd. (北京趣拿軟件科技有限公司) as an architect from April 2014 to September 2014. From February 2011 to December 2013, Ms. Qian worked as a researcher in the department of Tencent Search platform at Tencent Technology (Beijing) Co., Ltd. (騰訊科技(北京)有限公司), a company ultimately controlled by Tencent Holdings Limited which is listed on the Stock Exchange (stock code: 00700.HK). From July 2006 to February 2011, Ms. Qian worked as an engineer in the department of search content technology at Baidu Online Network Technology (Beijing) Co., Ltd. (百度在線網絡技術(北京)有限公司), a company ultimately controlled by Baidu, Inc., which is listed on the Stock Exchange (stock code: 09888.HK) and the Nasdaq Global Select Market (symbol: BIDU).

Ms. Qian received a bachelor’s degree in computer science and technology in July 2003 and a master’s degree in computer software and theory in July 2006 from Peking University in the PRC, respectively.

Ms. Qian is a senior engineer in computer science and technology certified by the Human Resources and Social Security Department of Hubei Province (湖北省人力資源和社會保障廳) on August 27, 2022 and has been awarded the (long-term) innovative talent of the 13th batch of 3551 Optics Valley Talent Plan (3551光谷人才計劃) by the Administrative Committee of Wuhan East Lake New-tech Development Zone (武漢東湖新技術開發區管理委員會) in March 2021.

Mr. Xu Cheng (許誠), aged 46, is our executive Director and chief development officer. Mr. Xu joined our Group in September 2015 as the chief development officer. He was appointed as a Director on November 9, 2023 and re-designated as our executive Director on May 30, 2024. Mr. Xu is primarily responsible for new business development and business cooperation maintenance.

Prior to joining our Group, Mr. Xu worked as the director of sales for northern China at the value-added software division of Digital China (China) Limited (神州數碼(中國)有限公司), an wholly owned subsidiary of Digital China Group Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000034.SZ) from April 2004 to October 2009. From November 2009 to September 2015, Mr. Xu worked as the deputy general manager at the software division II of Datang Software Technologies Co. Ltd. (大唐軟件技術股份有限公司).

Mr. Xu received a bachelor’s degree in industry automation from University of Science and Technology Beijing (北京科技大學) in the PRC in July 2000.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Lu Lu (呂露), aged 40, is our executive Director and chief financial officer. Ms. Lu joined our Group in May 2023 and was appointed as a Director on November 9, 2023, and re-designated as our executive Director on May 30, 2024. Ms. Lu is primarily responsible for corporate strategy, financial and capital management, branding and risk management.

Ms. Lu has almost 20 years of experience in financial and investment market, corporate strategy, risk and financial management. Prior to joining our Group, Ms. Lu worked at MUFG Bank (China), Ltd. Shenzhen Branch from April 2005 to August 2008 with her final position as a trader in the treasure department. From July 2010 to March 2015, Ms. Lu served at Shanghai branch of Hina Group (漢能投資集團) with her final position as the executive director. From January 2015 to July 2015, Ms. Lu served as the partner of Taihecap (泰合資本). From July 2015 to May 2023, Ms. Lu served at Sunlands Technology Group (尚德在線教育科技有限公司), a company listed on the New York Stock Exchange (symbol: STG), with her final position as the executive director, chief financial officer and chief strategy officer.

Ms. Lu received a bachelor’s degree in English from Hunan Normal University (湖南師範大學) in the PRC in June 2004 and a master’s degree in business administration from Fudan University (復旦大學) in the PRC in June 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Xie Tao (謝濤), aged 49, was appointed as an independent non-executive Director on May 30, 2024. Dr. Xie is primarily responsible for supervising and providing independent opinion and judgement to the Board.

Dr. Xie has been committed to software engineering, system software and trustworthy artificial intelligence. He has been serving as a chair professor at Peking University since August 2019. From July 2013 to May 2022, Dr. Xie served in the Department of Computer Science of the University of Illinois Urbana-Champaign in the United States as a tenured associate professor from July 2013 to July 2017 and a tenured full professor from August 2017 to May 2022, respectively. From August 2005 to June 2013, Dr. Xie served in the Department of Computer Science of North Carolina State University in the United States, as an assistant professor from August 2005 to July 2010 and a tenured associate professor from August 2010 to June 2013, respectively.

Dr. Xie received a bachelor’s degree in computer software from Fudan University (復旦大學) in the PRC in July 1997, a master’s degree in computer software and theory from Peking University (北京大學) in the PRC in July 2000 and a Ph.D. degree in computer science and engineering from the University of Washington in Seattle, the United States in August 2005.

Dr. Xie holds several fellowships in various international professional associations, including Association for Computing Machinery, Institute of Electrical and Electronics Engineers, American Association for the Advancement of Science and China Computer Federation.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Su Yu (蘇瑜), aged 45, was appointed as an independent non-executive Director on May 30, 2024. Ms. Su is primarily responsible for supervising and providing independent opinion and judgement to the Board.

Ms. Su has over 20 years of experience in accounting, investment and financing, financial management and risk management. She worked as an staff accountant, manager and senior manager, consecutively, at Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)) from September 2003 to September 2015. From October 2015 to March 2018, Ms. Su served as a partner at KPMG Hua Zhen LLP (畢馬威華振會計師事務所(特殊普通合夥)). From April 2018 to March 2020, Ms. Su served as the vice president of finance at CARS Group (車好多集團), mainly in charge of the financial and internal control affairs of the group. In September 2020, Ms. Su joined Zhonghe Group Inc. (眾合雲科集團) and has been serving as chief financial officer since September 2020 and a director of the board since March 2021, respectively, where she participated in the design and implementation of corporate strategy and responsible for investors relations, financial and legal affairs.

Ms. Su received a bachelor’s degree in marketing and a master’s degree in enterprise management from Guanghua School of Management of Peking University in the PRC in July 2001 and June 2003, respectively.

Ms. Su is a certified public accountant certified by the State of New Hampshire Board of Accountancy of the United States and is an non-practicing member of the Chinese Institute of Certified Public Accountants.

Mr. Huang Xiaoling (黃曉凌), aged 48, was appointed as an independent non-executive Director on April 3, 2025. Mr. Huang is primarily responsible for supervising and providing independent opinion and judgement to the Board.

Mr. Huang worked at Beijing Nantian Information Engineering Co., Ltd. (北京南天信息工程有限公司) from September 1998 to January 2003, responsible for the research and development of systems. From January 2004 to November 2007, Mr. Huang served as a team manager of the Shanghai Branch of Microsoft (China) Co., Ltd. (微軟中國有限公司), where he was mainly responsible for providing consulting services to the company’s clients. From November 2007 to March 2012, Mr. Huang served as the vice president of HanTing (Tianjin) Investment Consulting Co., Ltd. (漢庭(天津)投資諮詢有限公司), a wholly owned subsidiary of Huazhu Group Limited (華住集團有限公司), a company listed on the Stock Exchange (stock code: HK. 01179), where he was mainly responsible for operation and management of the hotel group. In May 2013, Mr. Huang founded and served as the chief executive officer of Shanghai BeyondHost Information Technology Co., Ltd. (上海別樣紅信息技術有限公司), where he was responsible for the company’s overall strategic planning and business development. Shanghai BeyondHost Information Technology Co., Ltd. (上海別樣紅信息技術有限公司) was subsequently acquired by and became a wholly-owned subsidiary of an affiliate of MEITUAN (美團) (a company listed on the Main Board of the Stock Exchange (stock code: 03690.HK) in 2016. After the acquisition and until January 2022, Mr. Huang worked at Hainan Liangxin Technology Co., Ltd. (海南兩心科技有限公司), an affiliate of MEITUAN (美團), with his last

DIRECTORS AND SENIOR MANAGEMENT

position as overall management, and he was mainly responsible for the overall strategic planning and business development of the BeyondHost business division. Mr. Huang currently serves as the chief executive officer and legal representative of Shanghai Jovial Information Technology Co., Ltd. (上海宙威爾信息技術有限公司), where he was responsible for the company’s overall strategic planning and business development.

Mr. Huang received a bachelor’s degree in mechanical engineering and automation from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 1998.

Further Information of our Directors

Save as disclosed above in this section, none of our Directors has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately prior to the Latest Practicable Date. Save as disclosed above in this section, to the best of the knowledge, information and belief 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 our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date. As of the Latest Practicable Date, save as disclosed in “Appendix IV — Statutory and General Information — C. Further Information about our Directors” in this document, none of our Directors held any interest in the securities within the meaning of Part XV of the SFO. As of the Latest Practicable Date, except that Mr. Xu is the cousin of Dr. Sun as disclosed above, none of our Directors or senior management is related to other Directors or senior management of our Company.

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management of our business operations. The table below shows certain information in respect of the senior management members of our Group:

Name	Age	Position	Roles and responsibilities	Date of joining our Group
Dr. Sun Xi (孫熙)	41	Executive Director, chairman of the Board and chief executive officer	Overall strategic planning, business direction and day-to-day management of our Group	June 1, 2014
Ms. Qian Jinlei (錢金蕾)	42	Executive Director and chief operating officer	Day-to-day operations of our Group	September 1, 2015

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Roles and responsibilities	Date of joining our Group
Mr. Xu Cheng (許誠)	46	Executive Director and chief development officer	New business development and business cooperation maintenance	September 1, 2015
Ms. Lu Lu (呂露)	40	Executive Director and chief financial officer	Corporate strategy, financial and capital management, branding and risk management	May 17, 2023

Dr. Sun Xi (孫熙), aged 41, is our executive Director, the chairman of the Board and the chief executive officer of our Company. For details of his biography, please see “— Board of Directors — Executive Directors” in this section.

Ms. Qian Jinlei (錢金蕾), aged 42, is our executive Director and chief operating officer. For details of her biography, please see “— Board of Directors — Executive Directors” in this section.

Mr. Xu Cheng (許誠), aged 46, is our executive Director and chief development officer. For details of his biography, please see “— Board of Directors — Executive Directors” in this section.

Ms. Lu Lu (呂露), aged 40, is our executive Director and chief financial officer. For details of her biography, please see “— Board of Directors — Executive Directors” in this section.

COMPANY SECRETARY

Ms. Sham Ying Man (岑影文) is the company secretary of our Company and was appointed on May 30, 2024. Ms. Sham is a manager of Company Secretarial Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. She has over 25 years of experience in the corporate secretarial field.

Ms. Sham currently holds several company secretary or joint company secretary positions in companies listed on the Stock Exchange, including Hilong Holding Limited (海隆控股有限公司) (stock code: 01623.HK), Honma Golf Limited (本間高爾夫有限公司) (stock code: 06858.HK), WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司) (stock code: 02269.HK) and DreamEast Group Limited (夢東方集團有限公司) (stock code: 00593.HK).

DIRECTORS AND SENIOR MANAGEMENT

Ms. Sham received a bachelor’s degree in business administration from Lingnan College (currently known as Lingnan University) in 1997. She is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, respectively.

BOARD COMMITTEES

Our Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group’s activities.

Audit Committee

We have established the Audit Committee (effective from the [REDACTED]) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and to advise the Board. The Audit Committee comprises Ms. Su Yu, Mr. Huang Xiaoling and Dr. Xie Tao. Ms. Su Yu has been appointed as the chairlady of the Audit Committee and is the independent non-executive Director who possesses the appropriate professional accounting and related financial management expertise.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The Remuneration Committee comprises Mr. Huang Xiaoling, Ms. Su Yu and Dr. Xie Tao. Mr. Huang Xiaoling, our independent non-executive Director, has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, without limitation, the following: (i) making recommendations to the Board on our Company’s policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) determining the delegated responsibility, the remuneration packages of individual executive Directors and senior management, or alternatively, making recommendations to the Board on such remuneration packages; and (iii) ensuring that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and are designed to align their interests with those of Shareholders and to give our Directors incentives to perform at the highest levels.

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to the Board regarding the appointment of Directors and Board succession and to review the structure, size and composition of the Board at least annually, assist the Board in maintaining a board skills matrix and making recommendations on any proposed changes to our Board. The Nomination Committee comprises Dr. Sun, Ms. Su Yu and Mr. Huang Xiaoling. Dr. Sun, our executive Director and chairman of the Board, has been appointed as the chairman of the Nomination Committee.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Chairman of the Board and Chief Executive Officer

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Dr. Sun currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

Board Diversity Policy

The Board will adopt a board diversity policy (the “**Board Diversity Policy**”) prior to the [REDACTED] in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. Pursuant to the Board Diversity Policy, the criteria in selecting candidates to our Board shall include, among others, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board. With regards to gender diversity on the Board, we recognize the particular importance of gender diversity and will endeavor to at least maintain one female

DIRECTORS AND SENIOR MANAGEMENT

representation on the Board. To ensure gender diversity of our Board in the long run, we will offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business. We also plan to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, publicity and marketing, content development, investment and financing, accounting and financial management. They obtained degrees in various majors including business administration, computer science, industrial automation, strategic management, economy and law. We have three independent non-executive Directors with different industry backgrounds, representing over one third of the members of our Board. Our Board Diversity Policy is well implemented as evidenced by the fact that there are both male and female Directors ranging from 40 years old to 60 years old with different backgrounds and experiences.

Besides, we particularly recognize the importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments.

The Nomination Committee is responsible for reviewing the diversity of the Board. After [REDACTED], the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

Anti-corruption and Whistle Blowing Policies

We are committed to acting with integrity, honesty, fairness, impartiality, and ethical business practices. We have adopted an anti-corruption policy to promote an ethical culture within our Group and have zero-tolerance for bribery and any act of corruption. Our Board and senior management also strive to promote an ethical culture within our Group. We have also adopted a whistle blowing policy that serves the purpose of establishing whistleblowing procedures for employees and other relevant external parties of our Group, in order to report and escalate any suspicious misconducts. In accordance with the policy, we protect all whistleblowers from any kind of retaliation. All the information provided by the whistleblowers will be kept strictly confidential.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTOR’S REMUNERATION

Our Directors and senior management receive remuneration, including salaries, allowances and benefits in kind, including our contribution to the pension plan on their behalf.

The aggregate amount of remuneration (including salaries, allowance and benefits in kind, performance related bonuses, equity-settled share-based payment expense and pension scheme contributions) for our Directors for the three years ended December 31, 2022, 2023 and 2024 was approximately RMB3.3 million, RMB6.5 million and RMB19.2 million, respectively. None of our Directors waived any remuneration during the aforesaid periods.

For the three years ended December 31, 2022, 2023 and 2024, the five highest paid individuals of our Group included two, three and four Directors, respectively, whose remunerations are included in the aggregate amount of fees, salaries, allowances, discretionary bonus, pension scheme contributions paid and benefits in kind granted to the relevant Directors set out above. For the three years ended December 31, 2022, 2023 and 2024, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension scheme contributions paid, equity-settled share-based payment expense, and benefits in kind granted to the remaining three, two and two highest paid individuals who are not our Directors were approximately RMB3.4 million, RMB3.1 million and RMB6.3 million, respectively. For further details on the remuneration of the five highest paid individuals during the Track Record Period, see Note 9 of the Accountants’ Report in Appendix I of this Document.

Save as disclosed, no other payments have been paid or are payable, in respect of the years ended December 31, 2022, 2023 and 2024 by our Company to our Directors or senior management.

No remuneration was paid 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 receivable by, our Directors or past directors or the five highest paid individuals for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

COMPLIANCE ADVISOR

We have appointed Altus Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company, among others, in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

DIRECTORS AND SENIOR MANAGEMENT

- (c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate, or other information in this Document; and
- (d) where the Stock Exchange makes an inquiry of us under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The term of the appointment will commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in April 2024, and (ii) understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

SUBSTANTIAL SHAREHOLDERS

As far as our Directors are aware, immediately following the completion of the [REDACTED] (assuming that no new Shares are issued under the Share Incentive Plans), the following persons will have an interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED]	
		Number of Shares ⁽⁹⁾	Approximately percentage of interest in the Company (%)	Number of Shares ⁽⁹⁾	Approximate percentage of interest in the Company (%)
Dr. Sun ⁽¹⁾	Interest in a controlled corporation	11,276,612	8.71%	[REDACTED]	[REDACTED]%
	Interest from voting proxy	5,769,771	4.46%	[REDACTED]	[REDACTED]%
	Interest jointly held with another person	15,582,943	12.04%	[REDACTED]	[REDACTED]%
Meta Hope Ltd. ⁽¹⁾	Beneficial Interest	11,276,612	8.71%	[REDACTED]	[REDACTED]%
	Interest from voting proxy	5,769,771	4.46%	[REDACTED]	[REDACTED]%
	Interest jointly held with another person	15,582,943	12.04%	[REDACTED]	[REDACTED]%
Mr. Chen ⁽²⁾	Interest in a controlled corporation	8,891,489	6.87%	[REDACTED]	[REDACTED]%
	Interest from voting proxy	5,769,771	4.46%	[REDACTED]	[REDACTED]%
	Interest jointly held with another person	17,968,066	13.88%	[REDACTED]	[REDACTED]%
Bus Hope Ltd. ⁽²⁾	Beneficial Interest	8,891,489	6.87%	[REDACTED]	[REDACTED]%
	Interest from voting proxy	5,769,771	4.46%	[REDACTED]	[REDACTED]%
	Interest jointly held with another person	17,968,066	13.88%	[REDACTED]	[REDACTED]%
Mr. Xiao ⁽³⁾	Interest in a controlled corporation	6,691,454	5.17%	[REDACTED]	[REDACTED]%
	Interest from voting proxy	5,769,771	4.46%	[REDACTED]	[REDACTED]%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED]	
		Number of Shares ⁽⁹⁾	Approximately percentage of interest in the Company (%)	Number of Shares ⁽⁹⁾	Approximate percentage of interest in the Company (%)
	Interest jointly held with another person	20,168,101	15.58%	[REDACTED]	[REDACTED]%
Bus Cherish Ltd. ⁽³⁾	Beneficial Interest	6,691,454	5.17%	[REDACTED]	[REDACTED]%
	Interest from voting proxy	5,769,771	4.46%	[REDACTED]	[REDACTED]%
	Interest jointly held with another person	20,168,101	15.58%	[REDACTED]	[REDACTED]%
WeBus Light Ltd.	Beneficial Interest	13,129,743	10.15%	[REDACTED]	[REDACTED]%
Meta Starry Ltd. ⁽⁴⁾	Interest in a controlled corporation	13,129,743	10.15%	[REDACTED]	[REDACTED]%
Ms. Qian Jinlei ⁽⁴⁾	Interest in a controlled Corporation	13,129,743	10.15%	[REDACTED]	[REDACTED]%
Cheering Venture Global Limited ⁽⁵⁾	Beneficial Interest	23,439,957	18.11%	[REDACTED]	[REDACTED]%
DiDi Global Inc. ⁽⁵⁾	Interest in a controlled corporation	23,439,957	18.11%	[REDACTED]	[REDACTED]%
Alibaba Investment Limited ⁽⁶⁾	Beneficial Interest	13,532,348	10.46%	[REDACTED]	[REDACTED]%
Alibaba Group Holding Limited ⁽⁶⁾	Interest in a controlled corporation	13,532,348	10.46%	[REDACTED]	[REDACTED]%
HongHe Venture Fund I, L.P. ⁽⁷⁾	Beneficial Interest	13,019,491	10.06%	[REDACTED]	[REDACTED]%
HongHe GP I Ltd. ⁽⁷⁾	Interest in a controlled corporation	13,019,491	10.06%	[REDACTED]	[REDACTED]%
Mr. Yang Zhenghong ⁽⁷⁾	Interest in a controlled corporation	13,019,491	10.06%	[REDACTED]	[REDACTED]%
China Broadband Capital Partners III, L.P. ⁽⁸⁾	Beneficial interest	13,606,200	10.51%	[REDACTED]	[REDACTED]%
CBC Partners III, L.P. ⁽⁸⁾	Interest in a controlled corporation	13,606,200	10.51%	[REDACTED]	[REDACTED]%
CBC Ultimate Partners III Ltd. ⁽⁸⁾	Interest in a controlled corporation	13,606,200	10.51%	[REDACTED]	[REDACTED]%
Info Expert Services Ltd. ⁽⁸⁾	Interest in a controlled corporation	13,606,200	10.51%	[REDACTED]	[REDACTED]%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED]	
		Number of Shares ⁽⁹⁾	Approximately percentage of interest in the Company (%)	Number of Shares ⁽⁹⁾	Approximate percentage of interest in the Company (%)
Wisdom Ascend Ventures Ltd ⁽⁸⁾	Interest in a controlled corporation	13,606,200	10.51%	[REDACTED]	[REDACTED]%
Mr. Tian Suning ⁽⁸⁾	Interest in a controlled corporation	13,606,200	10.51%	[REDACTED]	[REDACTED]%

Notes:

- (1) Meta Hope Ltd. is wholly owned by Dr. Sun. As such, under the SFO, Dr. Sun is deemed to be interested in the entire equity interests held by Meta Hope Ltd.

Pursuant to the 2023 Voting Agreement, Dr. Sun (together with Meta Hope) as an attorney has the rights associated with Dr. Shao’s entire indirect equity interest in the Company held through Bus Dream Ltd. Accordingly, Dr. Sun is deemed to be interested in the interests in the Company held by Dr. Shao.

Dr. Sun, Mr. Chen, Mr. Xiao and their respective controlled entities, namely Meta Hope, Bus Hope and Bus Cherish (each a “**Concert Party**” and collectively, the “**Concert Parties**”), entered into the acting-in-concert agreement on December 30, 2023 (the “**AIC Agreement**”). Pursuant to the AIC Agreement, the Concert Parties are obligated to vote unanimously at all shareholders’ meetings of the Company. If they cannot agree on a relevant issue, Mr. Chen and Mr. Xiao, together with their controlled entities, shall act in accordance with the direction of Dr. Sun (including but not limited to acting through entities or trusts controlled by Dr. Sun). As such, each of the Concert Parties and their respective holding vehicles are deemed to be interested in the Shares each other is interested in under the SFO.

See “History, Reorganization and Corporate Structure — Voting Agreement and Acting In Concert Arrangements” for details.

- (2) Bus Hope Ltd. is wholly owned by Mr. Chen. As such, under the SFO, Mr. Chen is deemed to be interested in the entire equity interests held by Bus Hope Ltd.

Pursuant to the AIC Agreement as stated in Note 1, each of the Concert Parties and their respective holding vehicles are deemed to be interested in the Shares each other is interested in under the SFO.

- (3) Bus Cherish Ltd. wholly owned by Mr. Xiao. As such, under the SFO, Mr. Xiao is deemed to be interested in the entire equity interests held by Bus Cherish Ltd.

Pursuant to the AIC Agreement as stated in Note 1, each of the Concert Parties and their respective holding vehicles are deemed to be interested in the Shares each other is interested in under the SFO.

- (4) WeBus Light Ltd. is owned as to approximately 61.61%, 30.77% and 7.62% by Qian Jinlei (through Meta Starry Ltd.), Xu Cheng (through Meta Cherish Ltd.) and Wei Yong (Meta Bus Ltd.), respectively. As such, under the SFO, Meta Starry Ltd. and Qian Jinlei are deemed to be interested in the entire interests held by WeBus Light Ltd.

- (5) Cheering Venture Global Limited is wholly owned by DiDi Global Inc. As such, DiDi Global Inc. is deemed to be interested in the Shares of the Company held by Cheering Venture Global Limited. See “History, Reorganization and Corporate Structure — Information about the Pre-[REDACTED] Investors — Cheering Venture” for details.

SUBSTANTIAL SHAREHOLDERS

- (6) Alibaba Investment Limited is wholly owned by Alibaba Group Holding Limited. As such, Alibaba Group Holding Limited is deemed to be interested in the Shares of the Company held by Alibaba Investment Limited. See “History, Reorganization and Corporate Structure — Information about the Pre-[REDACTED] Investors — Alibaba Investment” for details.
- (7) HongHe Venture Fund I, L.P. a limited partnership incorporated in the Cayman Islands and the general partner is HongHe GPI Ltd., which is ultimately controlled by Mr. Yang Zhenghong. As such, HongHe Venture Fund I, L.P., HongHe GP I Ltd., and Mr. Yang Zhenghong are deemed to be interested in the Shares of the Company held by HongHe Venture Fund I, L.P. See “History, Reorganization and Corporate Structure — Information about the Pre-[REDACTED] Investors — HongHe Venture Fund” for details.
- (8) China Broadband Capital Partners III, L.P. is a limited liability partnership incorporated in the Cayman Islands. The general partner of China Broadband Capital Partners III, L.P. is CBC Partners III, L.P. The general partner of CBC Partners III, L.P. is CBC Ultimate Partners III Ltd. CBC Ultimate Partners III Ltd. is wholly owned by Info Expert Services Ltd. The sole shareholder of Info Expert Services Ltd is Wisdom Ascend Ventures Ltd., which is wholly owned by Mr. Tian Suning. As such, CBC Partners III, L.P., CBC Ultimate Partners III Ltd., Info Expert Services Ltd, Wisdom Ascend Ventures Ltd. and Mr. Tian Suning are deemed to be interested in the Shares of the Company held by China Broadband Capital Partners III, L.P. See “History, Reorganization and Corporate Structure — Information about the Pre-[REDACTED] Investors — CBC” for details.
- (9) The calculation is based on the total number of [REDACTED] Shares in issue upon the completion of the [REDACTED] (assuming that no new Shares are issued under the Share Incentive Plans). All interests stated are long positions.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the [REDACTED], have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of our Company or any other member of our Group.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of the Company in issue and to be issued as fully paid or credited as fully paid as of the date of this Document and immediately after completion of the [REDACTED]:

Before the [REDACTED]

As of the date of this Document, our authorized share capital was US\$50,000 divided into (i) a total of 434,552,761 Ordinary Shares; (ii) a total of 265,644 Series Seed A Preferred Shares; (iii) a total of 2,152,352 Series Seed B Preferred Shares; (iv) a total of 5,066,898 Series A Preferred Shares; (v) a total of 5,466,404 Series A-1 Preferred Shares, (vi) a total of 15,184,519 Series B Preferred Shares; (vii) a total of 10,901,482 Series B1-1 Preferred Shares; (viii) a total of 2,217,811 Series B1-2 Preferred Shares; (ix) a total of 3,702,882 Series B1-3 Preferred Shares; (x) a total of 18,023,913 Series B1-4 Preferred Shares; (xi) a total of 863,886 Series B1-5 Preferred Shares; and (xii) a total of 1,601,448 Series C Preferred Shares, each with a par value of US\$0.0001.

Upon completion of the [REDACTED]

The Preferred Shares will be converted into Ordinary Shares of our Company on a one-to-one basis by way of re-designation immediately before the completion of the [REDACTED]. As a result, our authorized share capital will be US\$50,000 divided into 500,000,000 Shares of par value of US\$0.0001 each.

Assuming that no new Shares are issued under the Share Incentive Plans, the share capital of our Company immediately following completion of the [REDACTED] will be as follows:

Description of Shares	Number of Shares	Aggregate par value of Shares (US\$)
Shares in issue (including the Shares upon re-designation of the Preferred Shares)	129,420,537	12,942.0537
Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

ASSUMPTIONS

The above table assumes that the [REDACTED] becomes unconditional and Shares are issued pursuant to the [REDACTED] and that the Preferred Shares are converted into Ordinary Shares on a one-to-one basis. The above table also does not take into account any Shares which may be issued or repurchased by the Company under the general mandates granted to the Directors as referred to below.

SHARE CAPITAL

RANKING

The [REDACTED] will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this Document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this Document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Upon completion of the [REDACTED], the Company has only one class of Shares, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Act and the terms of the Memorandum of Association and Articles, the Company may from time to time by ordinary resolution of shareholders (i) increase its share capital, (ii) consolidate and divide its share capital into shares of larger amount, (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which have not been taken. In addition, the Company may subject to the provisions of the Cayman Companies Act reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For further details, see “Summary of the Constitution of the Company and Cayman Companies Act — Summary of the Constitution of the Company — 2. Articles of Association — 2.5 Alteration of capital” in Appendix III to this Document.

GENERAL MANDATE TO ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, the Directors have been granted a general unconditional mandate to allot, issue and deal with Shares, and for further details, see “Statutory and General Information — A. Further Information about Our Group — Resolutions Passed by Our Shareholders of the Company” in Appendix IV to this Document.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [REDACTED] becoming unconditional, the Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase its own securities, and for particulars of which, see “Statutory and General Information — Further Information about Our Group — 4. Resolutions Passed by Our Shareholders of the Company” in Appendix IV to this Document.

SHARE INCENTIVE PLANS

We adopted the 2015 Share Incentive Plan and the 2023 Share Incentive Plan. For further details, see “Statutory and General Information — D. Share Incentive Plans” in Appendix IV to this Document.

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountants’ Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed “Risk Factors” and “Business.”

For the purposes of this section, unless the context otherwise requires, references to 2021, 2022 and 2023 refer to our fiscal years ended December 31 of such years, respectively.

OVERVIEW

We operate Chelaile (車來了), a mobile app that applies big data analytics to deliver real-time, accurate bus arrival information. Chelaile has established a solid base for mobile advertising revenue through its extensive audience reach. In 2022, 2023 and 2024, mobile advertising contributed 85.2%, 96.2% and 98.0% of our total revenue, respectively. Beyond advertising, we deliver data analytics products and services to businesses and governments, enabling accurate predictions and supporting smart decision-making.

Launched in 2013, Chelaile empowers commuters with easy, reliable access to real-time bus information. By analyzing GPS data licensed from transportation entities, user queries and search histories, as well as data aggregation of buses and users, Chelaile offers up-to-the-minute bus schedules and accurate estimated arrival times, elevating travel experiences by reducing the uncertainty of wait times and the likelihood of missing buses. Chelaile’s accuracy and effectiveness have driven its widespread adoption in China, reaching 466 cities and towns as of December 31, 2024. Chelaile has cultivated a large and active user base, with approximately 298.4 million cumulative users as of December 31, 2024, and an average of approximately 29.1 million MAUs in 2024.

FINANCIAL INFORMATION

Chelaile’s repository of data insights enables us to deliver data analytics products and services to transportation entities such as local transportation authorities and bus companies. Our offerings improve their operational and management efficiency by monitoring real-time bus operation, improving the accuracy of bus data, optimizing bus routes, and planning new routes. We employ distinct revenue models for our offerings. Chelaile is free for users, generating revenue primarily through programmatic and brand advertising. For programmatic advertising, we sell advertising inventory to platforms that manage advertisement placements, receiving advertising fees based on the number of impressions. For brand advertising, we sell advertising inventory directly to brand advertisers, typically charging a fixed fee measured by the number of impressions. Our public transit analytics platform for transportation entities operates on a subscription model, with fees based on the modules each entity subscribes to. For other data analytics offerings, fees are determined through case-by-case negotiations, considering factors such as the computational resources required, volume of data processed and the complexity of the product design.

Our revenue was RMB135.4 million, RMB174.5 million and RMB206.1 million in 2022, 2023 and 2024, respectively. Our gross profit was RMB98.8 million, RMB133.2 million and RMB157.4 million in 2022, 2023 and 2024, respectively, and our gross profit margin was 73.0%, 76.3% and 76.4% for the respective years. Our adjusted net profit (non-IFRS measure) was RMB9.8 million, RMB46.5 million and RMB54.2 million in 2022, 2023 and 2024, respectively, and our adjusted net profit margin (non-IFRS measure) was 7.2%, 26.6% and 26.3% in the same years, respectively.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “**IASB**”). All IFRSs effective for the accounting period commencing from January 1, 2023, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information of our Group throughout the Track Record Period. The historical financial information of our Group has been prepared under the historical cost convention, except for certain financial assets and liabilities measured at fair values. All relevant standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been consistently adopted by our Group.

The preparation of the historical financial information of our Group in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information of our Group, are disclosed in Note 3 to the Accountants’ Report included in Appendix I to this Document.

FINANCIAL INFORMATION

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial condition are affected by general factors affecting China’s public bus information service industry, including:

- the overall economic growth of China and the evolution of the China’s public bus information service industry;
- the adoption and penetration rate of mobile internet, specifically the penetration of real-time bus information platform;
- government policies, initiatives, and incentives that impact the data intelligence industry, the public bus sector, and other emerging sectors where we operate in China; and
- the intensity of competition within the industry verticals where we operate in China.

In addition to general economic conditions and industry factors, we believe the following company-specific factors have had, and will continue to have, a significant impact on our results of operations.

Our Ability to Grow Our User Base

We are a leading provider in China’s public bus information service market. Our major product during the Track Record Period was Chelaile, an online platform featuring accurate, up-to-the-minute bus schedules and accurate estimated arrival times for commuters. Known for its accuracy and efficiency, Chelaile has successfully built a substantial and active user base in China. According to CIC, Chelaile ranked third in terms of average MAUs among real-time bus information platforms in China in 2024, with an average of approximately 29.1 million MAUs in 2024. During the Track Record Period, we monetized Chelaile primarily through selling its digital advertising inventory. User base and engagement, measured by cumulative users and average MAUs, directly influence our advertising revenue by determining the value of the advertisements on Chelaile.

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The following table sets forth the number of cumulative users and average MAUs of Chelaile:

	As of/For the Year Ended December 31,		
	2022	2023	2024
	<i>(in thousands)</i>		
Cumulative users	230,286	263,703	298,418
Average MAUs ⁽¹⁾	21,473	25,260	29,082

Note:

- (1) Calculated by dividing the sum of MAUs for each month during a year by the number of months in the same year.

To attract and retain users effectively, we will continue to improve Chelaile by increasing its accuracy and functionality, aiming to offer a more seamless and user-friendly commuting experience to a growing number of users. We actively incorporate emerging technologies, such as recurrent neural network, long short-term memory, and Transformer architecture, into our technology stack in order to uncover data insights, reduce data complexity while refining the predictive accuracy for future trends and outcomes. In April 2024, we introduced an AI-powered chatbot feature that allows users to control Chelaile hands-free through voice commands, further improving usability and user satisfaction. We anticipate that expanding our user base will sustainably drive our revenue growth.

Furthermore, during the Track Record Period, we strategically expanded our business presence to increase the reach of Chelaile. Our entry into each regional market starts with forming partnerships with local transportation entities to license real-time bus information. Upon establishing these partnerships, we obtain and process the licensed data for integration into Chelaile. As of December 31, 2024, Chelaile had expanded its reach to over 460 cities and towns. The widespread geographic presence contributes to our growing user base, which in turn has increased our mobile advertising revenue.

Going forward, we will target areas with a high demand for accessible, real-time bus information where we can obtain transportation data cost-effectively. Our expansion into new regions will only require limited investment in operational expenses. In addition, we do not foresee a significant increase in our staffing needs or related expenses due to geographic expansion, as our current workforce is well-equipped to support users nationwide, allowing us to manage our expansion effectively without substantially increasing operational expenses.

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Our Ability to Broaden and Diversify Our Revenue Streams

We derived 85.2%, 96.2% and 98.0% of our revenue from mobile advertising services in 2022, 2023 and 2024, respectively. We monetize the digital advertising inventory on Chelaile primarily through partnerships with programmatic advertising platforms, which serve as a gateway connecting us to a diverse range of brand advertisers and facilitate real-time, automated auctions for our digital advertising inventory. To increase the effectiveness of our advertising services, we have leveraged our advertising operations system to boost the value of advertising inventory and maintain a high level of user experience. We are carefully fine-tuning the frequency of advertisements on Chelaile to ensure a balance between generating revenue and preserving user satisfaction. In 2024 alone, Chelaile displayed over 26.8 billion advertisement impressions. As our user base and their engagement levels grow, we expect continued demand for our mobile advertising services.

We leverage our technological expertise to strategically diversify our offerings within and outside the public bus sector. Utilizing insights gleaned from Chelaile, we provide transportation entities with data analytics products and services, helping them enhance operational and management efficiencies by enabling real-time monitoring of bus operations and refining bus route optimization. Starting in the second half of 2022, we have broadened our data analytics offerings to encompass additional use scenarios such as electricity trading. For our public transit analytics platform, we charge subscription fees based on the specific modules each entity subscribes to. For other data analytics offerings, fees are negotiated on a case-by-case basis, considering the computational resources required and the complexity of product design.

Looking ahead, we anticipate growth driven by our ability to meet the evolving needs of a broadening customer base across various industries. Our investments in technology infrastructure and the standardization of our analytics practices have enabled us to diversify our offerings without significantly increasing research and development expenses.

Effective Investment in Technology Infrastructure

Our success depends on our ability to sustain innovation and technological excellence. Our research and development efforts primarily focus on the enhancement and upgrading of our technology stack supported by big data analytics and AI technologies, which we believe are key to enhancing the performance of our current and future offerings, as well as improving our overall operational efficiency. Additionally, the ability to attract, retain, and motivate a talented workforce, while efficiently managing personnel expenses, is vital to our ongoing expansion efforts. In 2022, 2023 and 2024, our research and development expenses were RMB25.0 million, RMB33.9 million and RMB42.9 million, respectively, accounting for 18.5%, 19.4% and 20.8% of our total revenue for the same years, respectively.

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Going forward, we believe that continued investments and the allocation of additional resources towards technology will bolster our efforts to enhance our technology infrastructure, which is instrumental in driving our business growth and facilitating the introduction of new offerings and functionalities that cater to a wide range of use scenarios. While our investments in research and development are intended to fuel long-term growth, they may negatively impact our short-term profitability.

Our Ability to Improve Operating Efficiency

Our results of operations depend on our effectiveness in managing costs and expenses. Our cost of sales consists primarily of data licensing fees, server rental costs, staff costs for our business personnel, and cross-network advertising fees. As we continue to expand our business scale and improve our offerings, we anticipate that our cost of sales will decrease as a percentage of our revenue over time due to increased operational efficiency and the benefits of economies of scale.

During the Track Record Period, our selling expenses increased at a slower pace than our overall revenue, reflecting our focus on optimizing the allocation of sales and marketing resources across different regions. Specifically, our selling expenses increased by 20.9% from RMB27.7 million in 2022 to RMB33.4 million in 2023, and increased by 14.4% from RMB33.4 million in 2023 to RMB38.3 million in 2024. Meanwhile, our revenue increased by 28.9% from RMB135.4 million in 2022 to RMB174.5 million in 2023, and increased by 18.1% from RMB174.5 million in 2023 to RMB206.1 million in 2024. As we intensify our market penetration efforts in cities and towns where we currently operate through targeted online marketing campaigns, we anticipate that our selling expenses will remain a significant portion of our total expenses.

Additionally, our administrative expenses increased from RMB13.9 million in 2022 to RMB33.7 million in 2023, primarily due to an increase in [REDACTED], and then increased to RMB56.2 million in 2024, primarily due to our share-based awards granted in 2024. As we continue to optimize our operation efficiency, we anticipate that our administrative expenses will grow at a slower rate than our future revenue growth.

IMPACT OF THE COVID-19

The COVID-19 outbreak disrupted business activities in China and globally during the Track Record Period. The pandemic led to travel restrictions and business shutdowns, which impacted our operations to a certain degree. Specifically, travel restrictions limited the commuting activities of urban travelers, which led to decreased use of Chelaile in 2022 and a decrease in our revenue from mobile advertising services. In response to the negative impact of COVID-19, we strategically diversified our offerings beyond the public bus sector. Additionally, we benefited from government support policies for businesses negatively impacted by the outbreak, such as social insurance contribution relief and rent concessions, which alleviated the adverse effects of COVID-19 on our financial performance in 2022.

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The relaxation of most travel restrictions and quarantine measures by the end of 2022 facilitated a recovery in user engagement as public transportation resumed normal operations. The average MAUs on Chelaile increased by 17.6% from approximately 21.5 million in 2022 to approximately 25.3 million in 2023, leading to a 45.7% increase in revenue from mobile advertising services, from RMB115.3 million in 2022 to RMB168.0 million in 2023. See “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Our General Operations — We face risks related to natural disasters, health epidemics and other business continuity problem, which could significantly disrupt our business, results of operations and financial condition” for more information on the potential future impacts of COVID-19 and other health epidemics.

MATERIAL ACCOUNTING POLICY INFORMATION

We have identified certain accounting policies that are material to the preparation of our financial statements. In the application of our accounting policies, our management is required to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. When reviewing our financial statements, you should consider (i) our selection of material accounting policy information; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions.

We set forth below those accounting policies that we believe involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. See Note 2 and Note 3 to the Accountants’ Report in Appendix I to this Document for a detailed discussion of our material accounting policy information which are important for understanding our financial condition and results of operations.

Revenue Recognition

Revenue from Contracts with Customers

We recognize revenue from contracts with customers when we transfer control of goods or services to them at an amount that reflects the consideration we expect to receive in exchange for those services.

When a contract’s consideration includes a variable amount, we estimate the amount we will receive in exchange for transferring the services to the customer. We estimate this variable consideration at contract inception and constrain it until it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once we resolve the associated uncertainty with the variable consideration.

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When the contract includes a financing component that provides the customer with significant financing benefit for transferring services for more than one year, we measure revenue at the present value of the amount receivable. We discount it using the rate reflecting a separate financing transaction between us and the customer at contract inception. When the contract provides us with a significant financial benefit for more than one year, the revenue we recognize under the contract includes the interest expense accrued on the contract liability under the effective interest method. For contracts where the period between the customer’s payment and the transfer of promised services is one year or less, we do not adjust the transaction price for the effects of a significant financing component, using the practical expedient in IFRS 15.

Mobile Advertising Services

We provide mobile advertising services primarily by displaying customers’ advertisements in specific areas of Chelaile. We recognize revenue from such services upon the occurrence of qualified displays. We also provide advertising services by posting articles of customers’ advertisements on Chelaile’s official account on Weixin. We recognize revenue from such services when the article is posted on Chelaile’s official account on Weixin.

Data Technology Services

We offer data-driven services, including data related services, data analytics services and consultancy services, based on our data and knowledge mainly in the field of public transportation. We recognize revenue from our data-driven services over time as services are rendered.

We also offer information technology solution services customized to the specific needs of particular customers. We recognize revenue from our information technology solution services over time, using an output method to measure progress towards complete satisfaction of the service, when our performance creates an asset with no alternative use to us and we have enforceable right to payment for performance obligations completed to date. Otherwise, we recognize revenue from such services at a point in time upon acceptance of customized services by customers.

Other Income

We recognize interest income on an accrual basis using the effective interest method. This method applies the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument, or a shorter period when appropriate, to the net carrying amount of the financial asset.

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Share-based Payments

We operate two share incentive plans. Employees (including directors) and other eligible participants receive remuneration in the form of share-based payments, whereby they render services in exchange for equity instruments. We measure the cost of equity-settled transactions with employees by the fair value at the date we grant them. We determine this fair value using a binomial model. See Note 29 to the Accountants’ Report in Appendix I to this Document.

We recognize the cost of equity-settled transactions as employee benefit expense, with a corresponding increase in equity, over the period in which we fulfill the performance and/or service conditions. The cumulative expense recognized for equity-settled transactions at the end of each year of the Track Record Period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a year represents the movement in the cumulative expense recognized at the beginning and end of that year.

We do not consider service and non-market performance conditions when determining the grant date fair value of awards, but we assess the likelihood of the conditions being met as part of our best estimate of the number of equity instruments that will ultimately vest. We reflect market performance conditions within the grant date fair value. We consider any other conditions attached to an award without an associated service requirement to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

We do not recognize any expense for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, we treat the transactions as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where we modify the terms of an equity-settled award, we recognize an expense as if the terms had not been modified, if the original terms of the award are met. Additionally, we recognize an expense for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee or other qualifying person as measured at the date of modification. We treat a cancelled equity-settled award as if it had vested on the date of cancellation, and we recognize any expense not yet recognized for the award immediately.

We reflect the dilutive effect of outstanding options as additional share dilution in the computation of earnings per share.

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Borrowing Costs

We capitalize borrowing costs directly attributable to the acquisition, construction, or production of assets that necessarily take a substantial period to get ready for their intended use or sale, as part of the cost of those assets. We cease the capitalization of such borrowing costs when the assets are substantially ready for their intended use or sale. We expense all other borrowing costs in the period in which we incur them. Borrowing costs consist of interest and other costs we incur in connection with borrowing funds.

Government Grants

We recognize government grants at their fair value where there is reasonable assurance that we will receive the grant and comply with all attaching conditions. When the grant relates to an expense item, we recognize it as income on a systematic basis over the periods that we expense the costs it is intended to compensate.

When the grant relates to an asset, we credit the fair value to a deferred income account and release it to the statement of profit or loss over the expected useful life of the relevant asset by equal annual installments.

Income Tax

Income tax includes current and deferred tax. We recognize income tax relating to items outside profit or loss either in other comprehensive income or directly in equity.

We measure current tax assets and liabilities at the amount we expect to recover from or pay to taxation authorities. This is based on tax rates and laws that have been enacted or substantively enacted by the end of each year of the Track Record Period, considering interpretations and practices in the countries where we operate.

We provide for deferred tax using the liability method on all temporary differences at the end of each year of the Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

We recognize deferred tax liabilities for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when we can control the timing of the reversal of the temporary differences, and it is probable that they will not reverse in the foreseeable future.

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We recognize deferred tax assets for all deductible temporary differences, the carryforward of unused tax credits, and any unused tax losses. We recognize deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits, and unused tax losses can be utilized, except:

- when the deferred tax asset related to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, we only recognize deferred tax assets to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

We review the carrying amount of deferred tax assets at the end of each year of the Track Record Period and reduce it to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. We reassess unrecognized deferred tax assets at the end of each year of the Track Record Period and recognize them to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

We measure deferred tax assets and liabilities at the tax rates expected to apply to the period when the asset is realized, or the liability is settled. This is based on tax rates and laws that have been enacted or substantively enacted by the end of each year of the Track Record Period.

We offset deferred tax assets and deferred tax liabilities if and only if we have a legally enforceable right to set off current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Fair Value Measurement

We measure our financial investments and financial liabilities at fair value through profit or loss at fair value at the end of each year of the Track Record Period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We base the fair value measurement on the assumption that the transaction to sell the asset or transfer the liability occurs either in the

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principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to us. We measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

We categorize all assets and liabilities for which fair value is measured or disclosed within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities recognized on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year of the Track Record Period.

Critical Accounting Estimates and Judgments

The preparation of our historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying our accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

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Research and Development Costs

We capitalize and defer development expenses incurred on our products and services only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete, and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline, and the ability to measure reliably the expenditure during the development. We expense development expenses that do not meet these criteria when we incur them. We determine the amounts to be capitalized by making assumptions regarding the expected future cash generation of the assets, discount rates to be applied, and the expected period of benefits. During the Track Record Period, we expensed all expenses incurred for research and development activities as they occurred.

Estimation of Fair Value of Financial Liabilities at Fair Value through Profit and Loss (“FVTPL”)

We determine the fair value of our Preferred Shares using valuation techniques with assumptions such as discount rate, risk-free interest rate, and volatility. We used the discounted cash flow method to determine the total equity value of us and then adopted the equity allocation based on the Black-Scholes option pricing model to determine the fair value of our Preferred Shares. We classified the fair value of our Preferred Shares as Level 3. The fair values of our Preferred Shares were RMB390.0 million, RMB403.2 million and RMB465.2 million as of December 31, 2022, 2023 and 2024, respectively. See Note 26 to the Accountants’ Report in Appendix I to this Document.

Impairment of Non-financial Assets other than Goodwill

We assess whether any indicators of impairment for all non-financial assets (including the right-of-use assets) exist at the end of each year of the Track Record Period. We test non-financial assets for impairment when indicators suggest that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. We base the calculation of the fair value less costs of disposal on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When undertaking value in use calculations, we estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate to calculate the present value of those cash flows.

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Deferred Tax Assets

We recognize deferred tax assets for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amounts of deferred tax assets relating to recognized tax losses as of December 31, 2022, 2023 and 2024 were RMB22.6 million, RMB19.7 million and RMB15.2 million, respectively. The amounts of unrecognized tax losses as of December 31, 2022, 2023 and 2024 were RMB2.1 million, RMB2.4 million and RMB1.6 million, respectively. See Note 27 to the Accountants’ Report in Appendix I to this Document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

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

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of Revenue	RMB	% of Revenue	RMB	% of Revenue
<i>(in thousands, except for percentages)</i>						
Revenue	135,379	100.0	174,536	100.0	206,137	100.0
Cost of sales	(36,577)	(27.0)	(41,292)	(23.7)	(48,690)	(23.6)
Gross profit	98,802	73.0	133,244	76.3	157,447	76.4
Other income and gains	5,615	4.1	6,930	4.0	6,721	3.3
Selling expenses	(27,653)	(20.4)	(33,446)	(19.2)	(38,254)	(18.6)
Administrative expenses	(13,890)	(10.3)	(33,661)	(19.3)	(56,236)	(27.3)
Research and development expenses	(24,990)	(18.5)	(33,851)	(19.4)	(42,512)	(20.6)
Impairment losses on financial assets, net	(23,708)	(17.5)	1,510	0.9	(4,370)	(2.1)
Fair value losses on financial liabilities at FVTPL	(29,455)	(21.8)	(55,545)	(31.8)	(42,968)	20.8
Other expenses and losses	(3,684)	(2.7)	(258)	(0.1)	(225)	(0.1)
Finance costs	(2,097)	(1.5)	(1,895)	(1.1)	(1,347)	(0.7)
Share of losses of associates	(300)	(0.2)	—	—	—	—
Loss before tax	(21,360)	(15.8)	(16,972)	(9.7)	(21,744)	10.5
Income tax credit/(expense)	1,323	1.0	(3,356)	(1.9)	(4,394)	(2.1)
Loss for the year	(20,037)	(14.8)	(20,328)	(11.6)	(26,138)	12.7

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Non-IFRS Measures

To supplement our consolidated financial statements which are presented under IFRS, we also use non-IFRS measures, namely adjusted net profit and adjusted net profit margin, as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as loss for the year adjusted for (i) fair value losses on financial liabilities at FVTPL, (ii) [REDACTED], and (iii) equity-settled share-based payment expenses. Fair value losses on financial liabilities at FVTPL represent losses from changes in fair value of our Preferred Shares we issued to our investors. The Preferred Shares will be automatically converted into ordinary shares upon completion of the [REDACTED], and we do not expect to record further gains or losses in relation to valuation changes in such instruments after the [REDACTED]. See Note 26 to the Accountants’ Report in Appendix I to this Document. [REDACTED] primarily consist of professional fees associated with the [REDACTED] and the [REDACTED]. Equity-settled share-based payment expenses consist of non-cash expenses arising from granting share options and restricted share units to eligible individuals under the pre-[REDACTED] share incentive plans. For details, see “Statutory and General Information — D. Share Incentive Plans” in Appendix IV and Note 29 to the Accountants’ Report in Appendix I to this Document. We calculate adjusted net profit margin (non-IFRS measure) by dividing adjusted net profit (non-IFRS measure) by total revenue for the year.

We believe that these items should be adjusted for when calculating our adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) in order to provide potential [REDACTED] with a complete and fair understanding of our operating results, especially in making period-to-period comparisons of, and assessing the profile of, our operating and financial performance, and making comparisons with other comparable companies with similar business operations.

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The following table reconciles our adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) for the years indicated:

	For the Year Ended December 31,		
	2022	2023	2024
<i>(RMB in thousands, except for percentages)</i>			
Loss for the year	(20,037)	(20,328)	(26,138)
Adjusted for:			
Fair value losses on financial liabilities at FVTPL	29,455	55,545	42,968
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equity-settled share-based payment expense . .	396	481	18,280
Non-IFRS measures:			
Adjusted net profit for the year	9,814	46,495	54,219
Adjusted net profit margin	7.2%	26.6%	26.3%

Revenue

During the Track Record Period, we generated revenue from two sources: mobile advertising services and data technology services.

The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as percentages of our total revenue, for the years indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Mobile advertising services	115,284	85.2	167,979	96.2	202,049	98.0
Data technology services.	20,095	14.8	6,557	3.8	4,088	2.0
Total	135,379	100.0	174,536	100.0	206,137	100.0

Mobile Advertising Services

We generate revenue from providing mobile advertising services for placement of display-based advertisements on Chelaile. These advertisements appear in the form of splash screens, banners, and logos throughout Chelaile and are generally billed on a cost-per-mille basis, where customers pay for every thousand views or impressions their advertisements receive. Our customers provide the advertisement content, select the formats they prefer and set the regions of target audiences. See “Business — ‘Time + Location’ Offerings — Mobile Advertising Services.”

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We monetize Chelaile’s advertising inventory using two primary methods: partnerships with programmatic advertising platforms and direct sales to brand advertisers. In our collaborations with programmatic advertising platforms, we sell advertising inventory through an auction mechanism. The advertising fees charged are based on the number of impressions the advertisements received on Chelaile, which are recognized as our revenue from mobile advertising services. For direct sales, we offer advertising inventory to brand advertisers, including industry brand owners and third-party agencies representing them. For these sales, we typically charge a fixed fee based on the number of impressions.

The following table sets forth a breakdown of revenue generated from our mobile advertising services by type of customers for the years indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Programmatic advertising platforms	100,979	87.6	149,222	88.8	191,956	95.0
Brand advertisers	14,305	12.4	18,757	11.2	10,093	5.0
Mobile Advertising Services . . .	115,284	100.0	167,979	100.0	202,049	100.0

Data Technology Services

We generate revenue from (i) data-driven services primarily by delivering a customized public transportation information package; and (ii) information technology solutions by offering (a) access to and use of our public transit analytics platform to transportation entities and (b) other data-related services customized to the specific demands of certain transportation entities and companies in other sectors. For our public transit analytics platform, we charge subscription fees based on the specific modules each entity subscribes to. For other data technology services, the fees are based on case-by-case negotiations, taking into account factors such as computational resources required, and the complexity of product design.

We provided a one-time data-driven service to a related party from September 2021 to December 2022, generating revenue of RMB14.4 million in 2022. This related party is a subsidiary of one of our indirect shareholders, that is a globally leading transportation technology platform which offers a variety of transportation services, including ride-hailing, taxi-hailing and designated driving.

We provided this related party with a public transportation information package customized to its specific requests. The package primarily included bus data, such as routes, stops, schedules, operational status and location data, covering a certain number of cities in China. The related party utilized our services to support a business initiative but did not renew the agreement with us when the two-year contract term expired in 2023 due to changes in its business plan.

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The key terms of our collaboration agreement with this related party include: (i) data delivery through channels such as email, cloud drives, and other methods approved by the related party; and (ii) a total service fee of RMB20.0 million, with one installment in RMB8.0 million payable in 2021 and the other installment in RMB12.0 million payable in 2022. The service fee was determined based on market rates and relevant costs, including the acquisition costs of relevant data, for both parties. The payment for the RMB12.0 million due in 2022 was not settled until 2024, because we offered this related party an extended payment period reflecting, among others, our intention to strengthen our business relationship with this related party and its group.

We negotiated the service fee with this related party in the ordinary course of business, with the agreed rates generally comparable to those offered to independent third parties. Our Directors confirm that the key terms, including pricing and payment arrangements, were established on normal commercial terms and on an arm’s length basis. No preferential pricing or payment terms were offered in this collaboration. According to CIC, the key terms of the collaboration agreement, including the pricing and payment terms, are in line with market practices.

Cost of Sales

Our cost of sales primarily comprises (i) data licensing fees associated with obtaining the rights to access and use bus data, (ii) staff costs consisting primarily of salaries, bonuses, social insurance contributions, housing provident fund contributions, and other benefits for personnel for our mobile advertising services and data technology services, (iii) cross-network advertising fees, consisting primarily of the fees we pay to third-party publishers, (iv) server rental costs incurred for leasing servers to provide the infrastructure necessary for our businesses, and (v) business tax and surcharges.

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

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Data licensing fees	19,205	52.5	21,133	51.2	23,611	48.5
Staff costs	10,246	28.0	9,802	23.7	9,606	19.7
Cross-network advertising fees . . .	5,371	14.7	8,074	19.6	11,719	24.0
Server rental costs	1,353	3.7	1,479	3.6	2,706	5.6
Business tax and surcharges	402	1.1	804	1.9	1,048	2.2
Total	36,577	100.0	41,292	100.0	48,690	100.0

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Data licensing fees. We procure licenses to utilize bus data from transportation entities in certain cities and towns where Chelaile operates, that possess the rightful licensing authority over this data, to provide accurate real-time bus updates on Chelaile, and typically pay annual licensing fees to these transportation entities. We also secure licenses from other transportation entities at no cost, and in exchange for this access to their data, we provide these entities with our data technology services free of charge. See “Business — ‘Time + Location’ Offerings.”

Cross-network advertising fees. To expand the reach and enhance the exposure of our advertising customers, including programmatic advertising platforms and brand advertisers, we procure advertising inventory from cross-network advertising service providers, which we then combine with our own inventory and offer to advertising customers, enabling them to effectively target a broader and more diverse audience.

Server rental costs. We rent servers to support the infrastructure for our mobile advertising services and data technology services. The number of servers leased corresponds to the level of user traffic on Chelaile and the scale of datasets, modules and computational resources required by different analytics offerings.

Gross Profit and Gross Margin

Our gross profit represents our revenue less our cost of sales, and our gross margin represents gross profit divided by our revenue, expressed as a percentage. The following table sets forth our gross profit and gross margin for the years indicated:

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands, except for percentages)		
Gross profit	98,802	133,244	157,447
Gross margin (%)	73.0	76.3	76.4

Other Income and Gains

Our other income consists primarily of (i) government grants, consisting primarily of server costs subsidies, research and development projects grants, and talent subsidies, (ii) investment income from financial investment at FVTPL, representing the interest realized from our investment in structured deposits, (iii) interest income on our bank deposits and loan due from associates, and (iv) fair value gains on financial investments at FVTPL, representing the change in the fair value of structured deposits that we hold, and the fair value of our interests in an entity we invested.

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The following table sets forth a breakdown of our other income and gains in absolute amount and as a percentage of our total revenue for the years indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Government grants	2,410	1.8	3,760	2.2	1,428	0.7
Investment income from financial investments at FVTPL	2,045	1.5	1,657	0.9	1,574	0.8
Bank and other interest income . . .	700	0.5	881	0.5	1,478	0.7
Fair value gains on financial investments at FVTPL	158	0.1	590	0.3	1,882	0.9
Others ⁽¹⁾	302	0.2	42	0.0	359	0.2
Total	<u>5,615</u>	<u>4.1</u>	<u>6,930</u>	<u>4.0</u>	<u>6,721</u>	<u>3.3</u>

Note:

- (1) Consists primarily of net foreign exchange gains and COVID-19-related rent concessions from lessors.

Selling Expenses

Our selling expenses consist primarily of (i) advertising and promotion expenses for online advertisements featured on search engines, mobile app stores, and social media platforms as well as offline advertisements displayed on buses and at bus stations to promote Chelaile, (ii) staff costs encompassing salaries, bonuses, share-based payment, social insurance contributions, housing provident fund contributions, and other benefits for our sales and marketing personnel, (iii) travel and business development expenses incurred by sales and marketing personnel, and (iv) housing rental expenses mainly relating to the lease of our office premises.

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The following table sets forth a breakdown of our selling expenses in absolute amount and as a percentage of our total revenue for the years indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of revenue	RMB	% of revenue	RMB	% of revenue
<i>(in thousands, except for percentages)</i>						
Advertising and promotion expenses	14,019	10.4	19,484	11.2	25,991	12.6
Staff costs	11,302	8.3	10,455	6.0	8,766	4.3
Travel and business development expenses	1,320	1.0	2,154	1.2	2,012	1.0
Housing rental expenses	760	0.6	495	0.3	472	0.2
Others ⁽¹⁾	252	0.2	858	0.5	1,013	0.5
Total	27,653	20.4	33,446	19.2	38,254	18.6

Note:

- (1) Consists primarily of depreciation of property and equipment and right-of-use assets, amortization of intangible assets, general office expenses, and market research expenses.

Administrative Expenses

Our administrative expenses consist primarily of (i) staff costs encompassing salaries, bonuses, share-based payment, social insurance contributions, housing provident fund contributions, severance compensation for our administrative personnel, (ii) [REDACTED], (iii) fees for financial and operational consulting, legal and other professional services, (iv) general office expenses, and (v) housing rental expenses mainly relating to the lease of our office premises.

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The following table sets forth a breakdown of our administrative expenses in absolute amount and as a percentage of our total revenue for the years indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of revenue	RMB	% of revenue	RMB	% of revenue
	<i>(in thousands, except for percentages)</i>					
Staff costs	8,235	6.1	17,295	9.9	30,938	15.0
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Professional service fees	2,251	1.7	2,134	1.2	2,660	1.3
Office expenses	1,088	0.8	1,191	0.7	1,289	0.6
Housing rental expenses	424	0.3	639	0.4	391	0.2
Others ⁽¹⁾	1,892	1.4	1,605	0.9	1,849	0.9
Total	13,890	10.3	33,661	19.3	56,236	27.2

Note:

- (1) Consists primarily of depreciation of property and equipment and right-of-use assets, amortization of intangible assets, travel and business development expenses, property management fees and other miscellaneous expenses.

Research and Development Expenses

Our research and development expenses consist primarily of (i) staff costs encompassing salaries, bonuses, share-based payment, social insurance contributions, housing provident fund contributions, and other benefits for our research and development personnel, (ii) server rental costs representing expenses related to leasing servers used in our research and development activities, (iii) technical service fees associated with research and development outsourcing and the utilization of third-party map and weather forecast services, data interfaces, and payment interfaces to integrate third-party map and weather information into Chelaile and access external payment services, and (iv) housing rental expenses mainly relating to the lease of our office premises.

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The following table sets forth a breakdown of our research and development expenses in absolute amount and as a percentage of our total revenue for the years indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of revenue	RMB	% of revenue	RMB	% of revenue
	<i>(in thousands, except for percentages)</i>					
Staff costs	16,493	12.2	23,655	13.6	31,142	15.1
Server rental costs	4,433	3.3	4,134	2.4	4,586	2.2
Technical service fees	1,821	1.3	3,325	1.9	4,383	2.1
Housing rental expenses	1,480	1.1	1,415	0.8	1,204	0.6
Others ⁽¹⁾	763	0.6	1,322	0.8	1,197	0.6
Total	24,990	18.5	33,851	19.4	42,512	20.6

Note:

- (1) Consists primarily of depreciation and amortization, general office expenses, and travel and business development expenses.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets consist primarily of impairment losses or reversals of such losses recognized on loan and other receivables from Beijing Yuanfeng Technology Co., Ltd. (“**Beijing Yuanfeng**”), a related party in which we currently hold a 36% equity interest, and Beijing Jianwu Zhongyuan Technology Co., Ltd. (“**Beijing Jianwu**”), an entity in which we currently hold an 18% equity interest as we deemed these loan and other receivables uncollectable due to the severe financial difficulties faced by these entities. See “— Discussion of Certain Key Items on Consolidated Statements of Financial Position — Assets — Prepayments, Other Receivables and Other Assets.”

Fair Value Losses on Financial Liabilities at FVTPL

Fair value losses on financial liabilities at FVTPL represent our losses from the increase in fair value of our Preferred Shares, which is indicative of a higher valuation of our Company. We issued Preferred Shares to certain Pre-[REDACTED] Investors. We conduct a valuation to determine the fair value of these Preferred Shares each year. Upon completion of this [REDACTED], our Preferred Shares will be automatically converted into Ordinary Shares. See “— Indebtedness — Financial Liabilities at FVTPL” and Note 26 to the Accountants’ Report in Appendix I to this Document for more details. In 2022, 2023 and 2024, we recorded fair value losses on financial liabilities at FVTPL of RMB29.5 million, RMB55.5 million and RMB41.6 million, respectively.

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Other Expenses and Losses

Our other expenses and losses consist primarily of (i) fair value losses on financial investments at FVTPL, representing the depreciation in the fair value of our interests in the limited partnership and the private company we have invested, (ii) donations to a university and a charitable foundation, (iii) penalties and compensation primarily associated with the early termination of our office lease, (iv) loss on disposal or write-off of property and equipment, and (v) net foreign exchange differences.

Our other expenses and losses were RMB3.7 million, RMB0.3 million, and RMB0.2 million in 2022, 2023 and 2024, respectively, accounting for 2.7%, 0.1% and 0.1% of our total revenue for the same years.

Finance Costs

Our finance costs consist primarily of (i) interest expenses on our bank borrowings, (ii) interest expenses on borrowings from one of our Shareholders, and (iii) interest expenses on lease liabilities. See “— Indebtedness” for details of our borrowings and lease liabilities.

The following table sets forth a breakdown of our finance costs in absolute amount and as a percentage of our total revenue for the years indicated:

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	% of revenue	RMB	% of revenue	RMB	% of revenue
<i>(in thousands, except for percentages)</i>						
Interests on bank borrowings	1,189	0.9	1,475	0.8	1,289	0.6
Interests on other borrowings	672	0.5	248	0.1	—	—
Interests on lease liabilities	236	0.2	172	0.1	58	0.1
Total	2,097	1.5	1,895	1.1	1,347	0.7

Share of Losses of Associates

During the Track Record Period, we recorded net losses from our investment in an associate, Hefei Xunboche Technology Co., Ltd. (“**Hefei Xunboche**”), an intelligent parking company established in 2022. In 2022, our share of losses in Hefei Xunboche was RMB0.3 million, which was the amount of our total investment in this associate. As a result, we recorded no share of losses of Hefei Xunboche in 2023 and 2024, despite its continual losses.

Income Tax Credit/(Expense)

We recorded income tax credit of RMB1.3 million in 2022 as our PRC subsidiaries recorded deductible losses in that year. We incurred income tax expenses of RMB3.4 million and RMB4.4 million in 2023 and, as our PRC subsidiaries recorded taxable profits in that year.

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Loss for the Year

As a result of the foregoing, our loss for the year was RMB20.0 million, RMB20.3 million and RMB26.1 million in 2022, 2023 and 2024, respectively.

We recorded an accumulated loss as of January 1, 2021, primarily due to historical losses incurred during our pre-commercialization phase from 2010 to 2016. During this period, we were dedicated to investing in technology and product development, as well as user acquisition, which resulted in substantial expenses without generating any advertising revenue on Chelaile. We began offering mobile advertising services on Chelaile and started generating revenue in October 2016. Since 2020, we managed to improve our financial performance and achieved profitability. Our revenue increased from 2019 to 2020, primarily driven by an increase in advertisement impressions on Chelaile, largely attributed to its expanded reach in China. In addition, as our business scaled, we implemented various measures to optimize resource allocation and control our cost of sales and operating expenses in 2020. Specifically, we reduced selling expenses by streamlining processes while enhancing the efficiency of our marketing efforts. Additionally, we were able to manage our research and development expenses more effectively, following an initial phase of significant investment in technology and product development. As a result, we turned into profit in 2020 as compared to a loss in 2019.

TAXATION

Cayman Islands

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to the Cayman Island income tax pursuant to the current laws of the Cayman Islands.

Hong Kong

Our wholly-owned subsidiaries in Hong Kong are subject to Hong Kong profits tax on their taxable income generated from operations in Hong Kong. Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. As we did not generate any assessable profits in Hong Kong during the Track Record Period, we have not made any provision for Hong Kong profits tax.

PRC

Our subsidiaries and our Consolidated Affiliated Entities in the PRC are companies incorporated under PRC law and, as such, are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Pursuant to the EIT Law, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. For

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example, enterprises qualified as High and New Technology Enterprises (“HNTe”), are entitled to a 15% enterprise income tax rate rather than the 25% uniform statutory tax rate. The enterprise income tax is calculated based on the entity’s global income as determined under PRC tax laws and accounting standards.

Beijing WFOE and Wuhan Yuanguang obtained HNTe status to enjoy a preferential tax rate of 15% in 2019 and 2017, respectively, to the extent it has taxable income under the EIT Law, as long as it re-applies for HNTe status every three years and meets the HNTe criteria during this three-year period. Beijing WFOE re-applied for the HNTe status in 2022 and Wuhan Yuanguang re-applied for the status in 2020 and 2023.

Certain of our subsidiaries in the PRC are considered “small and low-profit enterprises” with taxable income not exceeding RMB1,000,000 and enjoy preferential enterprise income tax rate of 2.5%, 5% and 5% in 2022, 2023 and 2024, respectively.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2023 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 18.1% from RMB174.5 million in 2023, to RMB206.1 million in 2024, primarily attributable to the increase in the revenue from mobile advertising services.

- *Mobile advertising services.* Our revenue from mobile advertising services increased by 20.3% from RMB168.0 million in 2023 to RMB202.0 million in 2024. Specifically, our revenue from programmatic advertising platforms increased from RMB149.2 million in 2023 to RMB192.0 million in 2024. Such increase was primarily driven by an increase in advertisement impressions on Chelaile, largely attributed to the continuously heightened user engagement on Chelaile as a result of our increased investments in marketing and promotion of Chelaile. The average MAUs on Chelaile increased from approximately 25.3 million in 2023 to approximately 29.1 million in 2024. As we continued to broaden the reach of Chelaile throughout China, the number of cities and towns covered by Chelaile expanded from 447 as of December 31, 2023, to 466 as of December 31, 2024. As a result, the cumulative users on Chelaile grew from approximately 263.7 million as of December 31, 2023 to approximately 298.4 million as of December 31, 2024. Meanwhile, our revenue from brand advertisers decreased from RMB18.8 million to RMB9.1 million, mainly because one of our major brand advertisers adjusted its marketing budget and reduced its spending in marketing and promotion in 2024.
- *Data technology services.* Our revenue generated from data technology services decreased by 37.7% from RMB6.6 million in 2023, to RMB4.1 million in 2024, primarily due to tightened budgets in data technology services of our key customers.

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Cost of Sales

Our cost of sales increased by 17.9% from RMB41.3 million in 2023 to RMB48.7 million in 2024, primarily due to (i) an increase in cross-network advertising fees of RMB3.6 million, in line with our business expansion, and (ii) an increase in data licensing fees of RMB2.2 million, attributable to increased user engagement on Chelaile.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased from RMB133.2 million in 2023 to RMB157.4 million in 2024. Our overall gross profit margin remained stable at 76.3% and 76.4% in 2023 and 2024, respectively.

Other Income and Gains

Our other income and gains decreased by 2.2% from RMB6.9 million in 2023 to RMB6.7 million in 2024, primarily attributable to a decrease in our government grants.

Selling Expenses

Our selling expenses increased by 14.4% from RMB33.4 million in 2023 to RMB38.3 million in 2024, primarily due to an increase in advertising and promotional expenses, attributable to our enhanced marketing efforts to attract new users and enhance user engagement on Chelaile.

Administrative Expenses

Our administrative expenses increased by 67.1% from RMB33.7 million in 2023 to RMB56.2 million in 2024, primarily due to an increase in staff costs, especially in relation to our share-based awards granted in 2024.

Research and Development Expenses

Our research and development expenses increased by 26.6% from RMB33.9 million in 2023 to RMB42.5 million in 2024, primarily due an increase in staff costs in relation to raised salaries and bonuses as well as share-based awards to our research and development personnel for their contributions.

Net Impairment Losses on Financial Assets

Our reversal of impairment losses on financial assets was RMB1.5 million in 2023, in relation to the settlement of certain bad debts and other loan receivables. In 2024, our impairment losses on financial assets was RMB4.4 million, due to our assessment that certain accounts receivable and other loan receivables were unlikely to be repaid or collected.

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Fair Value Losses on Financial Liabilities at FVTPL

Our fair value losses on financial liabilities at FVTPL decreased by 20.8% from RMB55.5 million in 2023 to RMB43.0 million in 2024, mainly in relation to the appreciation of market value of our preferred shares. See Note 26 to the Accountants’ Report in Appendix I to this Document for more details.

Finance Costs

Our finance costs decreased by 28.9% from RMB1.9 million in 2023 to RMB1.3 million in 2024, primarily attributable to a decrease in interest on bank borrowings and other borrowings. The decrease was primarily due to reduced bank borrowings and other borrowings balances resulting from our enhanced efforts to optimize capital structure.

Income Tax Credit/(Expense)

We recorded income tax expenses of RMB3.4 million and RMB4.4 million in 2023 and 2024, respectively.

Loss for the Year

As a result of the foregoing, we recorded loss for the year of RMB20.3 million and RMB26.1 million in 2023 and 2024, respectively.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 28.9% from RMB135.4 million in 2022 to RMB174.5 million in 2023, primarily attributable to an increase in the revenue generated from mobile advertising services, partially offset by a decrease in the revenue generated from data technology services.

- *Mobile advertising services.* Our revenue from mobile advertising services increased by 45.7% from RMB115.3 million in 2022 to RMB168.0 million in 2023. Specifically, our revenue from programmatic advertising platforms increased from RMB101.0 million to RMB149.2 million and our revenue from brand advertisers increased from RMB14.3 million to RMB18.8 million. These increases were primarily driven by a rise in advertisement impressions on Chelaile, largely attributed to a resurgence in public transit usage by daily commuters in China as the COVID-19 pandemic subsided, which consequently heightened engagement on Chelaile. The average MAUs on Chelaile increased from approximately 21.5 million in 2022 to approximately 25.3 million in 2023. As we continued to broaden the reach of Chelaile throughout China, the number of cities and towns covered by Chelaile expanded from 405 as of December 31, 2022, to 447 as of December 31, 2023. As a result, the cumulative users on Chelaile grew from approximately 230.3 million as of December 31, 2022, to approximately 263.7 million as of December 31, 2023.

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- *Data technology services.* Our revenue generated from data technology services decreased by 67.4% from RMB20.1 million in 2022 to RMB6.6 million in 2023 due to a one-off data technology service provided to a related party from September 2021 to December 2022, which we recorded revenue of RMB14.4 million in 2022.

Cost of Sales

Our cost of sales increased by 12.9% from RMB36.6 million in 2022 to RMB41.3 million in 2023, mainly due to (i) an increase in cross-network advertising fees of RMB2.7 million in line with the revenue growth of our mobile advertising services, and (ii) an increase in the data licensing fees of RMB1.9 million, representing the costs associated with procuring real-time bus data from transportation entities in cities and towns newly integrated into Chelaile in 2023.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased from RMB98.8 million in 2022 to RMB133.2 million in 2023. Our overall gross margin increased from 73.0% in 2022 to 76.3% in 2023 mainly because the increase in revenue outpaced the increase in cost of sales in 2023, primarily due to (i) increased revenue contribution from mobile advertising services, (ii) decreased data licensing fees as a percentage of our total revenue reflecting our enhanced ability to utilize existing real-time bus data to drive user engagement, and (iii) decreased staff costs as a percentage of our total revenue, owing to the scalability of Chelaile, which allowed us to achieve revenue growth without a corresponding increase in staffing expenses.

Other Income and Gains

Our other income and gains increased by 23.4% from RMB5.6 million in 2022 to RMB6.9 million in 2023, primarily attributable to (i) an increase in our government grants of RMB1.4 million primarily because we recorded one-off server cost subsidies from local governments in 2023, and (ii) an increase in fair value gains on financial investments at FVTPL of RMB0.4 million, reflecting the change in the fair value of our interests in an entity we invested.

Selling Expenses

Our selling expenses increased by 20.9% from RMB27.7 million in 2022 to RMB33.4 million in 2023, primarily due to an increase in our advertising and promotion expenses of RMB5.8 million as we intensified our promotional efforts in response to the surge in public transit usage following the relaxation of COVID-19 outbreak control measures in China. The increase was partially offset by a decrease in staff costs of RMB0.8 million, attributable to the downsizing of our sales and marketing team.

Administrative Expenses

Our administrative expenses increased from RMB13.9 million in 2022 to RMB33.7 million in 2023, primarily due to (i) the [REDACTED] of RMB[REDACTED] we incurred in 2023, and (ii) an increase in our staff costs of RMB9.1 million incurred in the recruitment of administrative and management talent.

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Research and Development Expenses

Our research and development expenses increased by 35.5% from RMB25.0 million in 2022 to RMB33.9 million in 2023, primarily due to (i) an increase of RMB7.2 million in staff costs associated with hiring additional research and development personnel to support our geographic expansion and new business initiatives, and (ii) an increase of RMB1.5 million in technical service fees as we licensed more bus data from third-party sources in line with our geographic expansion.

Net Impairment Losses on Financial Assets

In 2022, we recorded an impairment loss of RMB23.7 million on loan and other receivables from Beijing Yuanfeng and Beijing Jianwu based on our estimates on the possibility of their repayments to us. We reversed an impairment loss of RMB1.5 million on these loans and other receivables as we received the payment for a portion of the outstanding receivables from Beijing Yuanfeng and Beijing Jianwu in December 2023.

Fair Value Losses on Financial Liabilities at FVTPL

Our fair value losses on financial liabilities at FVTPL increased by 88.6% from RMB29.5 million in 2022 to RMB55.5 million in 2023, reflecting an increase in the valuation of our Company.

Other Expenses and Losses

Our other expenses and losses decreased from RMB3.7 million in 2022 to RMB0.3 million in 2023, mainly because we recorded fair value losses on financial investments at FVTPL in 2022 due to the decrease in the fair value of our interests in certain entities we invested.

Finance Costs

Our finance costs decreased by 9.6% from RMB2.1 million in 2022 to RMB1.9 million in 2023, primarily attributable to a decrease in interest expenses on other borrowings of RMB0.4 million due to our repayment of a loan from one of our Shareholders, partially offset by an increase in interest expenses on bank borrowings of RMB0.3 million.

Income Tax Credit/(Expense)

We incurred an income tax expense of RMB3.4 million in 2023 as our PRC subsidiaries recorded taxable profits in that year. We recorded income tax credit of RMB1.3 million in 2022 as our PRC subsidiaries recorded deductible losses in that year.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB20.0 million in 2022 to RMB20.3 million in 2023.

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DISCUSSION OF CERTAIN KEY ITEMS ON CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our consolidated balance sheets as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
ASSETS			
Non-current assets			
Property and equipment	1,522	2,116	1,602
Right-of-use assets	5,069	2,959	1,571
Intangible assets	85	109	328
Investment in associates	—	—	—
Prepayments, other receivables and other assets	1,020	316	163
Equity investment designated at fair value through OCI	—	—	8,960
Financial investments at FVTPL	2,998	3,496	6,282
Time deposits	—	30,000	30,000
Deferred tax assets	26,547	23,191	18,797
Total non-current assets	37,241	62,187	67,703
Current assets			
Accounts receivable	35,696	46,724	33,659
Prepayments, other receivables and other assets	10,348	19,176	23,419
Financial investments at FVTPL	53,544	40,092	43,079
Cash and cash equivalents	48,354	55,511	56,306
Total current assets	147,942	161,503	156,463
Total assets	185,183	223,690	224,166
LIABILITIES			
Current liabilities			
Account payables	5,422	4,233	7,864
Contract liabilities	465	1,132	439
Other payables and accruals	15,049	38,470	31,480
Interest-bearing bank and other borrowings	30,965	40,000	30,000
Lease liabilities	2,660	2,631	1,178
Financial liabilities at FVTPL	390,009	403,248	465,189
Total current liabilities	444,570	489,714	536,150
Net current liabilities	(296,628)	(328,211)	(379,687)
Non-current liabilities			
Lease liabilities	2,287	158	108
Total non-current liabilities	2,287	158	108
Total liabilities	446,857	489,872	536,258
Net liabilities	(261,674)	(266,182)	(312,092)

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We recorded net liabilities of RMB261.7 million, RMB266.2 million and RMB312.1 million as of December 31, 2022, 2023 and 2024, respectively, primarily due to the balance of our financial liabilities at FVTPL in the amounts of RMB390.0 million, RMB403.2 million and RMB465.2 million as of the respective dates. See “— Indebtedness — Financial Liabilities at FVTPL.”

Assets

Accounts Receivable

Our accounts receivable represents amounts due from our customers in our ordinary course of business. The following table sets forth our accounts receivable as of the dates indicated:

	Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Accounts receivable	36,158	47,186	35,487
Impairment	(462)	(462)	(1,828)
Net carrying amount	<u>35,696</u>	<u>46,724</u>	<u>33,659</u>

Our accounts receivable, net of impairment losses, increased from RMB32.1 million as of December 31, 2021, to RMB35.7 million as of December 31, 2022, primarily attributable to an increase in accounts receivable from data technology services provided to a related party in 2022, and further to RMB46.7 million as of December 31, 2023, primarily attributable to the overall growth of our business operations. Our accounts receivable, net of impairment losses, decreased from RMB46.7 million as of December 31, 2023 to RMB33.7 million as of December 31, 2024, primarily due to the settlement of amounts for our data technology services provided.

The following table sets forth our accounts receivable turnover days for the years indicated:

	For the Year Ended December 31,		
	2022	2023	2024
The average turnover days of our accounts receivable ⁽¹⁾	91	86	71

Note:

- (1) Average turnover days of accounts receivable is equal to the average of the beginning and ending accounts receivable balances of a given year divided by the corresponding revenue for that year and multiplied by 365 days.

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The average turnover days of our accounts receivable increased from 54 days in 2021 to 91 days in 2022, primarily due to the economic downturn caused by COVID-19, which slowed customer payments. This figure decreased to 86 days in 2023 largely due to our increased revenue following the recovery from the COVID-19 outbreak. The average turnover days of our accounts receivable decreased to 71 days in 2024, primarily due to a decrease in the average of the beginning and ending balances of accounts receivable in 2024, mainly in relation to the settlement of amounts due from a related party for our data technology services provided.

We typically grant an average credit period of 30 to 90 days to our customers. The following table sets forth the aging analysis of our accounts receivable, presented based on the invoice date at the end of each reporting year end:

	Year Ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Within 6 months	35,694	33,964	33,357
7th to 12th month	–	12,760	302
13th to 24th month	2	–	–
Total	35,696	46,724	33,659

As of February 28, 2025, approximately RMB30.3 million, or 90.0%, of our accounts receivable outstanding as of December 31, 2024, had been subsequently settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets consist primarily of (i) other loans receivable due from Beijing Yuanfeng and Beijing Jianwu, and (ii) prepayments primarily for server costs, advertising expenses, [REDACTED] and research and development expenses.

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The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Current			
Other loans receivable	18,600	21,290	19,620
Prepayments	9,868	13,734	21,324
Other receivables	4,507	3,533	3,969
Prepaid other tax	–	269	315
Deposits	294	612	806
Interest receivable	380	449	585
Impairment	(23,301)	(20,711)	(23,200)
Subtotal	10,348	19,176	23,419
Non-current			
Deposits	620	316	163
Prepayments	60	–	–
Other loans receivable	340	–	–
Subtotal	1,020	316	163
Total	11,368	19,492	23,821

Other loan receivables and other receivables from Beijing Yuanfeng

In June 2021, we provided a loan to Beijing Yuanfeng with a maximum aggregate limit of RMB20.0 million, accruing interest at an annual rate of 2%. Beijing Yuanfeng, a startup focused on campus food delivery services, is controlled by Mr. Liu Fei with a 64% equity interest. Liu Fei, our former director and employee, left our Group in 2020 and subsequently established Beijing Yuanfeng. Before his departure, Liu Fei served as the general manager of Hangzhou Chekuailai Technology Co., Ltd., a former subsidiary dissolved in 2024, where he was mainly responsible for managing the daily operations of our algorithm department in Hangzhou. Liu Fei is also a former director of Wuhan Yuanguang. Prior to that, Liu Fei served as an algorithm engineer at Wuhan Yuanguang. Mr. Zhang Zhijian, the former controlling shareholder of Beijing Yuanfeng, has been serving as a Java development engineer at Wuhan Yuanguang since 2015. The loan agreement specifies a three-year repayment period from the effective date, with a late payment penalty interest rate of 0.01%. We believe these terms are commercially reasonable and generally comparable to those we would offer to independent third parties. As advised by our PRC Legal Advisor, the loan agreement does not violate any applicable PRC law or regulation in any material aspect.

Under the loan agreement, we disbursed RMB6.0 million and RMB9.6 million to Beijing Yuanfeng in 2021 and 2022, respectively. The loan was initially intended to provide financial support for Beijing Yuanfeng’s business operations and does not contain any conversion clause.

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No repayments were made in 2021, and RMB0.6 million was repaid by Beijing Yuanfeng in 2022. In light of Beijing Yuanfeng’s financial difficulties and our expectation of its business prospects, in January 2023, we agreed to convert RMB1.1 million of the loan into 36% equity interest in Beijing Yuanfeng. As of the Latest Practicable Date, we continue to hold the 36% equity interest in Beijing Yuanfeng, along with the remaining debt claims. At the end of 2022, we made impairment provision of RMB15.0 million on the principal amount and RMB0.3 million on accrued interest, based on our assessment of expected credit losses, taking into account the net liability position and operating performance of Beijing Yuanfeng.

To support Beijing Yuanfeng’s accelerated expansion into new campuses, which required substantial investment in market development, we disbursed RMB6.8 million to Beijing Yuanfeng in January and February 2023. We believe the loan disbursed in 2023 will facilitate Beijing Yuanfeng’s recovery and growth, potentially enabling its repayment of outstanding loan principal and interest and generating returns on our equity investment. To mitigate credit risks, we entered into an arrangement with Beijing Yuanfeng to prioritize repayment of the RMB6.8 million loan disbursed in 2023. Under this arrangement, Beijing Yuanfeng completed repayment of the 2023 loan in December 2023, but has yet to make any repayments on loans issued in 2021 and 2022. We did not make any additional disbursements in 2024. As of the Latest Practicable Date, no further repayments have been made on any of the other outstanding loans under the loan agreement.

Other than loan receivables, we recorded other receivables due from Beijing Yuanfeng of RMB4.4 million, RMB3.4 million and RMB3.4 million as of December 31, 2022, 2023 and 2024, respectively. These receivables primarily represent the amount Beijing Yuanfeng owed to us in relation to our payments for certain software development services on its behalf to support its growth. We made full impairment provision of RMB4.4 million against the other receivables at the end of 2022, taking into account the net liability position and operating performance of Beijing Yuanfeng. In December 2023, Beijing Yuanfeng made a repayment of RMB1.0 million.

Additionally, we have the following relationships with Beijing Yuanfeng: (i) from December 1, 2023 to January 30, 2024, Wuhan Yuanguang held 36% equity interest in Beijing Yuanfeng, which was subsequently transferred to Wuhan Chexing. Since January 31, 2024, Wuhan Chexing has 36% equity interest in Beijing Yuanfeng; (ii) Beijing Yuanfeng provided an interest-free loan to Ms. Lu Lu in May 2022, which has been fully repaid within the same month; and (iii) Beijing Yuanfeng granted interest-free loans totaled RMB2.0 million to Dr. Shao (our Founder and minority Shareholder), which were subsequently repaid in full. From April 2022 to November 2023, Dr. Shao’s equity interests (other than through our Group) in Beijing Yuanfeng ranged from 11.1% to 23.4%, while Mr. Xiao’s ranged from 7.0% to 13.0%.

Save as disclosed above, to the best knowledge of the Company, there is no other historical equity and financial transaction between Beijing Yuanfeng and us, Directors and senior management of our Company and our Shareholders.

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Other loan receivables to Beijing Jianwu

We provided a loan to Beijing Jianwu with a maximum aggregate cap of RMB7.0 million, accruing interest at an annual rate of 2%, in February 2021. Beijing Jianwu is a startup focused on carpooling services. The controlling shareholder of Beijing Jianwu is Zhang Dongsheng, who holds 82% of the equity interest of Beijing Jianwu. We hold an 18% equity interest in Beijing Jianwu. We extended the loan to Beijing Jianwu primarily to provide financial support as its shareholder. The loan terms include a 2% annual interest rate, a maturity date of January 31, 2024, and a late payment penalty interest of 0.01%. These terms are commercially reasonable and comparable to those we would offer to independent third parties. As advised by our PRC Legal Advisor, the loan agreement does not violate any applicable PRC law or regulation in any material aspect. We recorded an impairment loss of RMB3.5 million on the principal amount and an impairment loss of RMB0.1 million on the accrued interest in 2022, based on our assessment of the expected loss of this loan receivable, considering the net liability position and operating performance of Beijing Jianwu. Beijing Jianwu repaid nil, RMB0.5 million and RMB0.2 million of the loan, in 2022, 2023 and 2024.

Beijing Jianwu was founded by Mr. Liu Fei. Wuhan Yuanguang held 1% equity interest in Beijing Jianwu from March 2021 to November 2021, which was increased to 20% from November 2021 to January 2024, and subsequently adjusted to 18% in January 2024. On January 31, 2024, Wuhan Yuanguang transferred its entire equity interest in Beijing Jianwu to Wuhan Chexing, thereby ceasing to be a shareholder of Beijing Jianwu. Mr. Zhang Dongsheng, the controlling shareholder of Beijing Jianwu, served as a product manager at our Company from August 2019 to March 2021.

Save as disclosed above, to the best knowledge of the Company, there is no other historical equity and financial transaction between Beijing Jianwu and us, our Directors and senior management.

Other loan receivables from Whale Dynamic

In March 2023, we provided a loan of RMB3.0 million to Shenzhen City Whale Dynamic Co., Ltd. (“**Whale Dynamic**”), with an annual interest rate of 3% and a term of one year. In March 2024, we extended the loan term to December 2024. Whale Dynamic is a technology company focused on the full-stack development of autonomous driving technology for unmanned delivery, encompassing both software and hardware. The controlling shareholder, Chang Yufei, owns 91.9% of its equity, and Whale Dynamic is considered an independent third party. We granted this loan to provide financial support for Whale Dynamic’s operations as a startup, and the interest rates we charge are commercially reasonable. The terms of the loan are comparable to those we offer independent third parties. Our PRC Legal Advisor has confirmed that the loan agreement does not violate any applicable PRC law or regulation in any material aspect. To our best knowledge, Whale Dynamic is experiencing liquidity issues, which could adversely affect its ability to repay our loan upon maturity. During the year ended December 31, 2024, Whale Dynamic has repaid accrued interests of RMB100.0 thousand. In 2025 and up to the Latest Practicable Date, Whale Dynamic has repaid accrued interests of

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RMB59 thousand and principal of RMB350 thousand. We were in discussions with Whale Dynamic regarding the remaining repayment schedule and will take necessary legal actions to recover the outstanding part of our loan.

Other loan receivables from Luokai Cloud

In September 2023, we provided a loan of RMB1.8 million to Beijing Luokai Cloud Technology Co., Ltd. (“**Luokai Cloud**”), with an annual interest rate of 6%. The loan has a term of nine months, starting on September 1, 2023, and ending on May 31, 2024. Pursuant to the loan agreement, Luokai Cloud is required to repay the loan, including both principal and interest, in equal monthly installments on the last business day of each calendar month during the loan term. Luokai Cloud is a startup internet company focused on overseas social networking, with Zhou Chao as its ultimate beneficial owner. It is considered an independent third party. We granted this loan to provide financial support for Luokai Cloud’s operations as a startup, and the interest rates we charge are commercially reasonable. The loan terms are comparable to those we offer independent third parties. Our PRC Legal Advisor has confirmed that the loan agreement does not violate any applicable PRC law or regulation in any material aspect. We have received equal monthly repayments from Luokai Cloud since September 2023, and the loan was fully repaid in May 2024.

Pursuant to the General Lending Provisions (《貸款通則》) issued by the PBOC on June 28, 1996, and effective from August 1, 1996, financing arrangements or lending transactions between non-financial institutions are generally prohibited. The PBOC may impose a fine on any non-compliant lender ranging from one to five times the income derived from such loans. However, pursuant to the Provisions of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》), the “**Private Lending Provisions**”), borrowing agreements between enterprises which are not financial institutions are treated as private lending. Such agreements are deemed valid if the loans are used for business operation purposes and do not fall within the specified circumstances outlined in the Civil Code of the PRC (《中華人民共和國民法典》) and Private Lending Provisions. PRC courts will uphold an enterprise’s claim for interest on such loans, provided that the annual interest rate does not exceed four times of the applicable one-year loan prime rate. The loans provided by the Company’s PRC subsidiary to Beijing Yuanfeng, Beijing Jianwu, Whale Dynamic and Luokai Cloud do not fall within the circumstances set out in the Civil Code of the PRC and Private Lending Provisions. Based on the above, our PRC Legal Advisor is of the view that the Company is in compliance with the relevant PRC laws and regulations in all material respects in connection with these loans transactions.

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The following table sets forth changes in balance of other loan receivables from Beijing Yuanfeng, Beijing Jianwu, Whale Dynamic and Luokai Cloud as of the dates indicated:

	Beijing Yuanfeng	Beijing Jianwu	Whale Dynamic	Luokai Cloud
	<i>(RMB in thousands)</i>			
Balance as of January 1,				
2022	5,998	2,560	—	—
Borrowings	9,602	980	—	—
Accrued interests	258	62	—	—
Repayment	(600)	—	—	—
Impairment loss	<u>(15,258)</u>	<u>(3,602)</u>	—	—
Balance as of December 31,				
2022	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Borrowings	6,800	—	3,000	1,800
Accrued interests	—	—	69	30
Loans capitalized to an investment in an associate ..	(1,080)	—	—	—
Impairment written off as loans capitalized to an investment in an associate	1,080	—	—	—
Repayment	(6,800)	(510)	—	(820)
Reversal of impairment loss ...	—	510	—	—
Balance as of December 31,				
2023	<u>—</u>	<u>—</u>	<u>3,069</u>	<u>1,010</u>
Borrowings	—	—	—	—
Accrued interests	—	—	90	7
Repayment	—	(170)	(100)	(1,017)
Reversal of impairment loss/(Impairment loss)	<u>—</u>	<u>170</u>	<u>(2,659)</u>	<u>—</u>
Balance as of December 31,				
2024	<u>—</u>	<u>—</u>	<u>400</u>	<u>—</u>

We do not rule out the possibility of providing loans to third-party companies after the [REDACTED]. To monitor and mitigate risks associated with such loan arrangements, we implemented strict internal control policies in September 2023 to regulate lending activities, enhancing our fund security. The policies define stringent criteria for selecting borrowers, establishing requirements for entering into loan agreements, and outlining detailed procedures for loan disbursement, management and recovery. Pursuant to the policies, before extending any advances, loans and borrowings or providing guarantees to other companies, our financial department is required to (i) thoroughly evaluate our liquidity and financial condition and (ii) conduct a comprehensive analysis and assessment on the needs and necessity of such activities. We also regularly assess the recoverability of our advances to other companies. In the event

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that operational risks, credit risks, or other issues are identified, we will take prompt measures, such as requesting early repayment or additional guarantees to effectively manage and mitigate credit risks. As advised by our PRC Legal Advisor, borrowing agreements are deemed valid if the loans are used for business operation purposes and do not fall within the specified circumstances outlined in the Civil Code of the PRC (《中華人民共和國民法典》) and Private Lending Provisions.

Our prepayments, other receivables and other assets increased by 71.3% from RMB11.4 million as of December 31, 2022 to RMB19.5 million as of December 31, 2023, primarily attributed to (i) an increase in our current prepayments of RMB3.9 million mainly due to the prepayment of [REDACTED] of RMB[REDACTED], (ii) an increase in our other loans receivable from third-party entities of RMB2.7 million, and (iii) a decrease in impairment on current prepayments, other receivables and other assets of RMB2.6 million, as we reversed an impairment loss of RMB1.5 million on loan and other receivables after recovering a portion of the outstanding receivables from Beijing Yuanfeng and Beijing Jianwu.

Our prepayments, other receivables and other assets increased by 23.4% from RMB19.2 million as of December 31, 2023 to RMB23.4 million as of December 31, 2024, primarily due to an increase in prepayments for purchases in our daily operations along with our business growth, partially offset by a decrease in other loans receivable attributable to the settlement of loans to certain third parties.

Cash and Cash Equivalents

Our cash and cash equivalents increased from RMB48.4 million as of December 31, 2022 to RMB55.5 million as of December 31, 2023, and further to RMB56.3 million as of December 31, 2024 primarily due to the net cash inflows generated from our operating activities.

Financial Investments at FVTPL

Our financial investments at FVTPL primarily represent (i) our structured deposits in commercial banks and (ii) our interests in certain unlisted entities. Our financial investments at FVTPL decreased from RMB56.5 million as of December 31, 2022 to RMB43.6 million as of December 31, 2023, primarily because our structured deposits in banks gradually matured and we redeemed matured structured deposits. Our financial investments at FVTPL increased from RMB43.6 million as of December 31, 2023 to RMB49.4 million as of December 31, 2024, primarily due to an increase in structured deposits we purchased in 2024.

We invest in structured deposits when we have surplus funds after meeting our operational funding needs. We exclusively select principal-guaranteed financial products to ensure the safety of our capital. In addition, we prioritize banks and products that offer higher yields. This approach allows us to securely invest our excess funds while maximizing the returns on these investments. Our investment in structured deposits requires the approval of our chief executive officer and chief financial officer but does not need approval from the Board of Directors. Our chief financial officer has extensive experience in financial management,

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including handling the structured deposit purchases. Upon the completion of the [REDACTED], our investment in the financial investment at FVTPL to be made after the [REDACTED] will be subject to the requirements under Chapter 14 of the Listing Rules.

The following table sets forth details of our investment in structured deposits as of December 31, 2024:

Nature	Principal amount (RMB in thousands)	Investment date	Maturity date	Yield rate
Structured deposits in commercial bank	5,000	October 2024	January 2025	2.35%
Structured deposits in commercial bank	10,000	November 2024	February 2025	1.30%, 2.25% or 2.65%
Structured deposits in commercial bank	15,000	December 2024	March 2025	1.30%, 2.25% or 2.65%
Structured deposits in commercial bank	13,000	December 2024	February 2025	1.95%

Our interests in unlisted entities as of December 31, 2024 consisted of (i) a 30% ownership interest in a limited partnership established in Shenzhen in December 2021 to invest in a company headquartered in Shenzhen focused on low-Earth orbit broadband communication payload systems and related services, in which the partnership held a 2.88% equity interest as of December 31, 2024; and (ii) an 18% interest in Beijing Jianwu. We are a limited partner of the partnership and entitled to a 37.5% profit-sharing ratio. See Note 20 to the Accountants’ Report included in Appendix I to this Document.

Deferred Tax Assets

Our deferred tax assets represent the accumulated income tax relief we are entitled to claim as a result of our statutory losses. Our deferred tax assets decreased by 12.6% from RMB26.5 million as of December 31, 2022 to RMB23.2 million as of December 31, 2023, as we utilized a portion of such assets to cover our income tax expenses in 2023. Our deferred tax assets decreased by 18.9% from RMB23.2 million as of December 31, 2023 to RMB18.8 million as of December 31, 2024, as we utilized a certain portion of such assets to cover our income tax expenses in 2024.

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Liabilities

Accounts Payable

Our accounts payable represents amounts due to our suppliers in our ordinary course of business. Our accounts payable decreased from RMB5.4 million as of December 31, 2022 to RMB4.2 million as of December 31, 2023, primarily as in 2023 we settled a portion of our accounts payable from 2022 that had not been settled within that year. Our accounts payable increase from RMB4.2 million as of December 31, 2023 to RMB7.9 million as of December 31, 2024, primarily due to the increased data licensing expenses in relation to the expansion of our regional coverage.

The following table sets forth our accounts payable turnover days for the years indicated:

	For the Year Ended December 31,		
	2022	2023	2024
Accounts payable turnover days ⁽¹⁾	88	43	58

Note:

- (1) Average turnover days of accounts payable is equal to the average of the beginning and ending accounts payable balances of a given year divided by cost of sales for that year and multiplied by 365 days.

Our accounts payable turnover days decreased from 88 days in 2022 to 43 days in 2023, primarily attributable to (i) the decreased balance of our accounts payable as of December 31, 2023 and (ii) our increased cost of sales in 2023. Our accounts payable turnover days increased to 58 days in 2024, primarily due to our extended settlement period with cross-network service providers.

The following table sets forth an aging analysis of our accounts payable as of the date indicated:

	As of December 31,		
	2022	2023	2024
<i>(RMB in thousands)</i>			
Within 3 months	3,337	2,670	6,118
4th to 12th month	1,774	1,046	870
13th to 24th month	311	517	528
Over 24th months	—	—	348
Total	5,422	4,233	7,864

As of February 28, 2025, approximately RMB3.5 million, or 44.7%, of our accounts payable outstanding as of December 31, 2024, had been subsequently settled.

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Other Payables and Accruals

Our other payables and accruals consist primarily of (i) accrued payroll and other benefits for our employees, (ii) Preferred Shares repurchase consideration payable, (iii) other payables consisting primarily of [REDACTED] payables, (iv) other tax payables, (v) interest payable on bank and other borrowings from one of our Shareholders, and (vi) deferred income.

The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Payroll and welfare payables	9,688	15,151	13,177
Preferred Shares repurchase consideration payable	–	12,000	–
Other payables	1,962	9,635	16,808
Other tax payables	964	1,632	1,495
Interest payable on bank borrowings	–	52	–
Interest payable on other borrowings	2,435	–	–
Profits tax payable	–	–	–
Deferred income	–	–	–
Total	15,049	38,470	31,480

Our other payables and accruals increased significantly by 155.5% from RMB15.0 million as of December 31, 2022 to RMB38.5 million as of December 31, 2023, primarily attributable to (i) an increase in Preferred Shares repurchase consideration payable of RMB12.0 million in connection with our repurchase of the Preferred Shares we issued to one of our Shareholders, (ii) an increase in other payables of RMB7.7 million, mainly due to an increase in [REDACTED] payables, and (iii) an increase in payroll and welfare payables of RMB5.5 million aligned with the expansion of our workforce.

Our other payables and accruals decreased by 18.2% from RMB38.5 million as of December 31, 2023 to RMB31.5 million as of December 31, 2024, primarily due to (i) a decrease in Preferred Shares repurchase consideration payable of RMB12.0 million, resulting from our settlement with the relevant Shareholders in the February 2024, and (ii) a decrease in payroll and welfare payables of RMB2.0 million, mainly related to decreased number of employees at the end of year 2024.

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Contract Liabilities

Our contract liabilities primarily represent the advances from customers for services yet delivered. Our contract liabilities increased from RMB0.5 million as of December 31, 2022 to RMB1.1 million as of December 31, 2023 in line with our business growth. Our contract liabilities decreased to RMB0.4 million as of December 31, 2024, in relation to the decreased demand for our data technology services.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity have been cash-generated from operating activities and bank borrowings, which have historically been sufficient to meet our working capital and capital expenditure requirements.

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2022	2023	2024	2025
				(unaudited)
	(RMB in thousands)			
Current assets				
Accounts receivable	35,696	46,724	33,659	22,815
Prepayments, other receivables and other assets	10,348	19,176	23,419	24,076
Financial investments at FVTPL . . .	53,544	40,092	43,079	65,000
Cash and cash equivalents	48,354	55,511	56,306	40,335
Total current assets	147,942	161,503	156,463	152,226
Current liabilities				
Account payables	5,422	4,233	7,864	6,458
Contract liabilities	465	1,132	439	534
Other payables and accruals	15,049	38,470	31,480	32,196
Interest-bearing bank and other borrowings	30,965	40,000	30,000	30,000
Lease liabilities	2,660	2,631	1,178	3,013
Financial liabilities at FVTPL	390,009	403,248	465,189	465,825
Total current liabilities	444,570	489,714	536,150	538,026
Net current liabilities	(296,628)	(328,211)	(379,687)	(385,800)

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As of February 28, 2025, we recorded net current liabilities of RMB385.8 million, primarily due to financial liabilities at FVTPL amounting to RMB465.8 million. These financial liabilities at FVTPL represent Preferred Shares with preferential rights that include redemption features, which were initially recognized as financial liabilities. The Preferred Shares will automatically convert into ordinary shares upon the completion of the [REDACTED], and we do not expect to record any financial liabilities at FVTPL after the [REDACTED]. In addition to converting the Preferred Shares into ordinary shares as expected after the [REDACTED], we also plan to actively collect receivables to improve our net current liabilities position.

As of December 31, 2024, we recorded net current liabilities of RMB379.7 million, primarily due to financial liabilities at FVTPL amounting to RMB465.2 million. These financial liabilities at FVTPL represent Preferred Shares with preferential rights that include redemption features, which were initially recognized as financial liabilities. The Preferred Shares will automatically convert into ordinary shares upon the completion of the [REDACTED], and we do not expect to record any financial liabilities at FVTPL after the [REDACTED]. In addition to converting the Preferred Shares into ordinary shares as expected after the [REDACTED], we also plan to actively collect receivables to improve our net current liabilities position.

Our net current liabilities increased from RMB328.2 million as of December 31, 2023 to RMB379.7 million as of December 31, 2024, due to an increase in our current liabilities and a decrease in our current assets. Our current liabilities increased by 9.5% from RMB489.7 million as of December 31, 2023 to RMB536.1 million as of December 31, 2024, primarily due to an increase in financial liabilities at FVTPL of RMB61.9 million, reflecting an increase in the valuation of our Company, partially offset by a decrease in our other payables and accruals of RMB7.0 million, mainly due to the decreases in Preferred Shares repurchase consideration payable and payroll and welfare. Our current assets decreased from RMB161.5 million as of December 31, 2023 to RMB156.5 million as of December 31, 2024, primarily due to a decrease in accounts receivable of RMB13.1 million mainly as a result of the settlement of amounts due from a related party for our data technology services provided, partially offset by an increase in financial investments at FVTPL of RMB3.0 million.

Our net current liabilities increased from RMB296.6 million as of December 31, 2022, to RMB328.2 million as of December 31, 2023, due to an increase in our current liabilities, which outpaced an increase in our current assets. Our current liabilities increased by 10.2% from RMB444.6 million as of December 31, 2022 to RMB489.7 million as of December 31, 2023, primarily attributed to (i) an increase in other payables and accruals of RMB23.4 million, mainly due to (a) an increase in Preferred Shares repurchase consideration payable in connection with our repurchase of the Preferred Shares we issued to one of our Shareholders and (b) an increase in [REDACTED] payables, (ii) an increase in financial liabilities at FVTPL of RMB13.2 million, reflecting an increase in the valuation of our Company, and (iii) an increase in interest-bearing bank and other borrowings of RMB9.0 million. Our current assets increased by 9.2% from RMB147.9 million as of December 31, 2022 to RMB161.5 million as of December 31, 2023, primarily attributed to (i) an increase in accounts receivable of

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RMB11.0 million, primarily due to the overall growth of our business operations, (ii) an increase in prepayments, other receivables and other assets of RMB8.8 million, and (iii) an increase in cash and cash equivalents of RMB7.2 million, partially offset by a decrease in financial investments at FVTPL of RMB13.5 million, as our structured deposits in banks gradually matured.

Cash Flows

The following table sets forth our selected cash flow data for the years indicated:

	For the Year Ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Net cash flows from operating activities	13,404	41,066	56,424
Net cash flows from/(used in) investing activities	2,435	(19,602)	(17,384)
Net cash flows from/(used in) financing activities	(8,969)	(14,484)	(38,814)
Net increase in cash and cash equivalents	6,870	6,980	226
Cash and cash equivalents at the beginning of the year	41,165	48,354	55,511
Effect of foreign exchange rate changes, net.	319	177	569
Cash and cash equivalents at the end of the year	48,354	55,511	56,306

Operating Activities

During the Track Record Period, we generated cash inflow from our operating activities primarily through our services. Cash outflow from operating activities primarily comprise the costs incurred in operation of our business.

Our net cash generated from operating activities was RMB56.4 million in 2024. This net cash inflow from operating activities was primarily attributable to loss before tax of RMB21.7 million, as adjusted by (i) certain non-cash items, primarily comprising equity-settled share-based payment expense of RMB18.3 million; and (ii) changes in working capital, primarily comprising (a) a decrease in accounts receivable of RMB11.2 million, and (b) an increase in prepayments, other receivables and other assets of RMB5.1 million.

Our net cash generated from operating activities was RMB41.1 million in 2023. This net cash inflow from operating activities was primarily attributable to loss before tax of RMB17.0 million, as adjusted by (i) certain non-cash items, primarily comprising fair value losses on financial liabilities at FVTPL of RMB55.5 million; and (ii) changes in working capital, primarily comprising (a) an increase in other payables and accruals of RMB13.9 million and (b) an increase in accounts receivable of RMB11.0 million.

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Our net cash generated from operating activities was RMB13.4 million in 2022. This net cash inflow from operating activities was primarily attributable to loss before tax of RMB21.4 million, as adjusted by (i) certain non-cash items, primarily comprising (a) fair value losses on financial liabilities at FVTPL of RMB29.5 million and (b) impairment of financial assets of RMB23.7 million; and (ii) changes in working capital, primarily comprising (a) a decrease in accounts payable of RMB6.9 million and (b) an increase in prepayments, other receivables and other assets of RMB6.2 million.

Investing Activities

Our cash inflows generated from investing activities mainly relates to proceeds from disposal/maturity of financial investments at FVTPL. Our cash outflows used in investing activities mainly comprise payments for purchase of financial investments at FVTPL.

Our net cash flows used in investing activities was RMB17.4 million in 2024, primarily due to (i) our purchases of financial investments at FVTPL of RMB331.1 million mainly in relation to our investment in structured deposits, and (ii) investment in an equity investment designated at fair value through other comprehensive income of RMB17.4 million in relation to our equity investment in a listed company. These cash outflows were partially offset by proceeds from disposal/maturity of financial investments at FVTPL of RMB329.7 million as a result of our redemption of matured structured deposits.

Our net cash flows used in investing activities was RMB19.6 million in 2023, primarily due to (i) our purchases of financial investments at FVTPL of RMB553.0 million mainly in relation to our investment in structured deposits, and (ii) our purchases of time deposits with original maturity over three months of RMB30.0 million. These cash outflows were partially offset by proceeds from disposal/maturity of financial investments at FVTPL of RMB568.3 million as a result of our redemption of matured structured deposits.

Our net cash flows generated from investing activities was RMB2.4 million in 2022, primarily due to proceeds from disposal/maturity of financial investments at FVTPL of RMB546.8 million as a result of our redemption of matured structured deposits. These cash inflows were partially offset by (i) purchases of financial investments at FVTPL of RMB529.5 million mainly in relation to our investment in structured deposits, and (ii) other loans advanced of RMB11.6 million.

Financing Activities

Our cash inflows generated from financing activities primarily comprise our new bank borrowings. Our cash outflows used in financing activities mainly comprise repayments bank borrowings.

Our net cash used in financing activities was RMB38.8 million in 2024, primarily due to (i) repayment of bank borrowings of RMB40.0 million, and (ii) capital return to registered owners of a subsidiary of RMB17.0 million. These cash outflows were partially offset by new bank borrowings of RMB30.0 million.

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Our net cash used in financing activities was RMB14.5 million in 2023, primarily due to (i) repayment of bank borrowings of RMB59.6 million, (ii) capital return of a subsidiary of RMB15.0 million, (iii) repayment of other borrowings of RMB10.4 million, and (iv) interest paid on bank and other borrowings of RMB4.1 million. These cash outflows were partially offset by new bank borrowings of RMB75.6 million.

Our net cash used in financing activities was RMB9.0 million in 2022, primarily due to (i) repayment of bank borrowings of RMB33.0 million, (ii) principal portion of lease payments of RMB1.8 million, and (iii) interest paid on bank and other borrowings of RMB1.2 million. These cash outflows were partially offset by new bank borrowings RMB27.0 million.

Working Capital Statement

Taking into consideration the financial resources presently available to us, including cash and cash equivalents, cash generated from operating activities and the estimated net [REDACTED] we expect to receive from the [REDACTED], our Directors are of the view, and the Sole Sponsor concurs, that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this Document. Our Directors confirm that we had no material defaults in payment of trade and non-trade payables and borrowings, or material breaches of covenants during the Track Record Period and up to the Latest Practicable Date.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2022	2023	2024	2025
				(unaudited)
	(RMB in thousands)			
Current				
Interest-bearing bank and other borrowings	30,965	40,000	30,000	30,000
Lease liabilities	2,660	2,631	1,178	3,013
Financial liabilities at FVTPL	390,009	403,248	465,189	465,825
Subtotal	423,634	445,879	496,367	498,838
Non-current				
Lease liabilities	2,287	158	108	1,683
Total	425,921	446,037	495,882	500,521

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Financial Liabilities at FVTPL

Our financial liabilities at FVTPL represent Preferred Shares with preferential rights subscribed by various series of Pre-[REDACTED] investors. The Preferred Shares contain redemption features and other embedded derivatives and were recorded as financial liabilities at FVTPL on initial recognition. Fair value changes of Preferred Shares are recognized to profit or loss. The fair value of the Preferred Shares as of December 31, 2022, 2023 and 2024 and January 31, 2025 was valued with the assistance of an independent qualified professional valuer with appropriate qualifications.

In 2015, 2016, 2017 and 2019, we completed our financing by issuing Preferred Shares to certain investors. See “History, Reorganization and Corporate Structure” and Note 26 to the Accountants’ Report in Appendix I to this Document. Our financial liabilities at FVTPL increased from RMB390.0 million as of December 31, 2022, to RMB403.2 million as of December 31, 2023, and RMB465.2 million as of December 31, 2024 and further to RMB465.8 million as of February 28, 2025, primarily due to an increase in the valuation of our Company.

Interest-bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings consist of (i) borrowings from commercial banks in China, and (ii) other borrowings from one of our Shareholders, China Broadband Capital Partners III, L.P. (the “CBC”), which had been fully settled by April 2023. See “History, Reorganization and Corporate Structure — Pre-[REDACTED] Investments — Information about the Pre-[REDACTED] Investors — CBC” for CBC’s background. The loan from CBC was a U.S. dollar-denominated facility with a principal amount of US\$1 million and an annual interest rate of 10%, accruing from July 3, 2019. Repayments in the amount of US\$0.5 million, US\$0.2 million, and US\$0.3 million were made on April 21, 2023, April 26, 2023, and April 27, 2023, respectively, along with the corresponding accrued interest. We borrowed this loan from CBC to address our urgent funding need for business operations in 2019, as there was no RMB loans from Chinese commercial banks or other low-interest funding sources available to us within the necessary time frame. CBC, as a U.S. dollar fund, agreed to provide us with a loan in U.S. dollars based on the prevailing interest rate on U.S. dollar loans, which were higher than those of RMB loans.

Our interest-bearing bank and other borrowings increased from RMB31.0 million as of December 31, 2022 to RMB40.0 million as of December 31, 2023, as we utilized low interest rate bank borrowings to optimize our financial cost structure. Our interest-bearing bank and other borrowings decreased to RMB30.0 million as of December 31, 2024 after our repayment of certain bank borrowings. As of February 28, 2025, the amount kept stable at RMB30.0 million.

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The following table sets forth a breakdown of our secured and unsecured interest-bearing bank and other borrowings as of the dates indicated:

	As of December 31,			As of February 28,
	2022	2023	2024	2025
				(unaudited)
	(RMB in thousands)			
Bank borrowings				
Unsecured	15,000	30,000	–	–
Secured	9,000	10,000	30,000	30,000
Subtotal	24,000	40,000	30,000	30,000
Other borrowings				
Unsecured	6,965	–	–	–
Total	30,965	40,000	30,000	30,000

Our interest-bearing bank and other borrowings were repayable within one year from the end of each year during the Track Record Period. The following table sets forth the effective interest rates per annum of our interest-bearing bank and other borrowings as of the dates indicated:

	As of December 31,			As of February 28,
	2022	2023	2024	2025
				(unaudited)
Bank borrowings				
Unsecured	3.90% – 4.35%	2.35% – 3.45%	–	–
Secured	3.50% – 3.70%	4.00	2.80% – 3.00%	2.80% – 3.00%
Other borrowings				
Unsecured	10%	–	–	–

As of December 31, 2024, we have unutilized banking facilities of RMB10.0 million.

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Lease Liabilities

Our lease liabilities mainly relate to our leased properties for office space. Our lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the term of the lease. At the end of each relevant year, our lease liabilities were:

	As of December 31,			As of February 28,
	2022	2023	2024	2025
				(unaudited)
	(RMB in thousands)			
Repayable within one year	2,660	2,631	1,178	3,013
Repayable in the second year	2,287	158	108	1,683
Total	4,947	2,789	1,286	4,696

Our lease liabilities decreased from RMB4.9 million as of December 31, 2022 to RMB2.8 million as of December 31, 2023 and RMB0.7 million as of December 31, 2024 as we made certain lease payments pursuant to the leasing agreement. Our lease liabilities increased to RMB4.7 million as of February 28, 2025, in relation to a new leasing agreement for our new office premises in Beijing. See Note 14 to the Accountants’ Report in Appendix I to this Document.

Indebtedness Statement

Our Directors confirm that there has not been any other material change in our indebtedness since February 28, 2025, which is the latest practicable date for the purpose of our indebtedness statement, and up to the Latest Practicable Date. Our Directors confirm that there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing as of the Latest Practicable Date, nor did we experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, we did not have plans for other material external debt financing.

Except as disclosed above, we did not have, as of February 28, 2025, any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities.

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CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any contingent liabilities.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period were primarily related to purchase of office equipment. Our capital expenditures were RMB1.3 million, RMB1.0 million and RMB0.3 million, respectively, in 2022, 2023 and 2024. We intend to fund our future capital expenditures with the cash on our consolidated statements of financial position.

CAPITAL COMMITMENT

As of December 31, 2022, 2023 and 2024, we had capital commitment of nil, nil and nil contracted for but not recognized as liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

KEY FINANCIAL INDICATORS

The following table sets forth our selected financial indicators for the years and as of the dates indicated:

	Year Ended or As of December 31,		
	2022	2023	2024
Profitability indicators			
Gross margin ⁽¹⁾	73.0%	76.3%	76.4%
Adjusted net profit margin (non-IFRS measure) ⁽²⁾	7.2%	26.6%	26.3%

Notes:

- (1) Gross margin equals to gross profit divided by revenue for the year.
- (2) Adjusted net profit margin (non-IFRS measure) equals to adjusted net profit (non-IFRS measure) divided by revenue for the year.

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Gross margin is an indicator of our profitability in terms of the difference between our revenue and cost of sales. Our gross margin remained stable at 76.3% and 76.4% in 2023 and 2024, respectively. See “— Year to Year Comparison of Results of Operations — Year Ended December 31, 2024 Compared to Year Ended December 31, 2023.” Our gross margin increased from 73.0% in 2022 to 76.3% in 2023. See “— Year to Year Comparison of Results of Operations — Year Ended December 31, 2023 Compared to Year Ended December 31, 2022 — Gross Profit and Gross Margin.”

Adjusted net profit margin (non-IFRS measure) measures our overall profitability. Our adjusted net profit margin (non-IFRS measure) reverted from 7.2% in 2022 to 26.6% in 2023 primarily because we no longer recorded impairment losses on loan and other receivables in 2023. See “— Discussion of Certain Key Items on Consolidated Statements of Financial Position — Assets — Prepayments, Other Receivables and Other Assets” for details of our other loan receivables. Our adjusted net profit margin (non-IFRS measure) remained relatively stable at 26.3% in 2024, as compared to 26.6% in 2023.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our material related party transactions, see Note 32 to the Accountants’ Report included in Appendix I to this Document.

Our Directors are of the view that each of the material related party transactions set out in Note 32 to the Accountants’ Report included in Appendix I to this Document was conducted on an arm’s length basis and would not distort our track record results or make our historical results not reflective of our future performance.

FINANCIAL RISKS

Our activities expose us to a variety of financial risks, including credit risk and liquidity risk. Our overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on our financial performance.

Credit Risk

Our credit risk is primarily attributable to accounts receivable. Individual credit verification procedures are performed on all customers who wish to trade on credit terms. 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.

FINANCIAL INFORMATION

Receivable balances and our exposures to credit risks are monitored on an ongoing basis. During the Track Record Period, our exposure to bad debts is not significant.

Further quantitative data in respect of our exposure to credit risk are disclosed in Note 36 to the Accountants’ Report included in Appendix I to this Document.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows.

Further quantitative data in respect of our exposure to liquidity risk arising are disclosed in Note 36 to the Accountants’ Report included in Appendix I to this Document.

DIVIDENDS

During the Track Record Period, we did not declare or distribute any dividend.

Any future determination to pay dividends will be made at the discretion of our board of directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We are a holding company incorporated in the Cayman Islands. In order for us to distribute any dividends to our shareholders, we rely on dividends, loans, or other distributions on equity paid by our operating subsidiaries in China and on remittances, including loans, from our variable interest entities in China. Under the Cayman Islands law, we may pay a dividend out of either profits or share premium account, provided that paying the dividend would not result in our being unable to pay our debts as they fall due in the ordinary course of our business. Should we decide to make dividend distribution in the future, we need to make assessment as to whether such dividend distribution plan would cause us to be unable to pay our debts as they fall due in the ordinary course of our business according to the Cayman Islands law. Dividend distributions from our PRC subsidiaries to us are subject to PRC taxes, such as withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we did not have any distributable reserves.

FINANCIAL INFORMATION

[REDACTED]

[REDACTED] represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. The estimated total [REDACTED] for the [REDACTED] are approximately RMB[REDACTED] million (accounting for approximately [REDACTED]% of our gross [REDACTED]). The estimated total [REDACTED] consist of (i) [REDACTED]-related expenses (including but not limited to [REDACTED] and fees) of approximately RMB[REDACTED], and (ii) non-[REDACTED]-related expenses of approximately RMB[REDACTED], which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[REDACTED], and other fees and expenses of approximately RMB[REDACTED].

In 2022, we incurred [REDACTED] for the [REDACTED] of nil. In 2023 and 2024, we incurred [REDACTED] of RMB[REDACTED] and RMB[REDACTED], which was charged to the consolidated statements of profit or loss. We expect to incur additional [REDACTED], (i) approximately RMB[REDACTED] (approximately HK\$[REDACTED]) of which is expected to be charged in profit or loss subsequent to the Track Record Period, and (ii) approximately RMB[REDACTED] (approximately HK\$[REDACTED]) of which is expected to be directly attributable to the issue of [REDACTED] and will be recognized as a deduction in equity directly upon the [REDACTED]. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

[REDACTED]

FINANCIAL INFORMATION

[REDACTED]

See “Unaudited [REDACTED] Financial Information” in Appendix II to this Document.

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest consolidated financial statements as set out in “Appendix I — Accountants’ Report” to this Document, and up to the date of this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed description of our future business plans and strategies.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting estimated [REDACTED], fees and expenses payable by us in connection with the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share.

We currently intend to apply the net [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used in enhancing our technological capabilities.
 - (i) Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used in developing time series data foundation models.
 - (a) Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to recruit a team of approximately 10 specialists in the areas such as time series model training, inference optimization, and big data processing from 2025 to 2027, to improve our ability and efficiency to process and analyze data, enhancing the performance of time series data foundation models.
 - (b) Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to lease GPU-based computational resources from leading domestic cloud service providers. We may also consider purchasing GPUs from well-known domestic hardware suppliers. The supply of GPU computational resources provided by domestic cloud service providers and GPU hardware from domestic suppliers are relatively stable, and we do not anticipate any significant supply chain risks in this respect in the near future. We aim to establish a robust computational infrastructure essential for performing complex computations and processing vast amounts of time series data through streamlined workflows and automated procedures, which will ensure faster processing and more accurate model outputs.

FUTURE PLANS AND USE OF [REDACTED]

- (c) Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to license high-quality data and expand our data storage capacity, which are crucial for training and refining our time series data foundation models, enabling us to accelerate the launch of new models and improve the iteration frequency of existing models. To enhance our data storage capacity, we plan to purchase larger cloud storage services and acquire hardware such as hard drives and servers for data redundancy and backup.
 - (ii) Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to continuously improve our technology stack.
 - (a) Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to recruit a team of approximately 20 technical experts specialized in AI technologies, focusing on model fine-tuning, prompt engineering, and agent systems from 2025 to 2027. Qualified candidates include both experienced system engineers with expertise in large language models and graduates skilled in advanced model training and time-series prediction algorithms. We believe such skilled talents will enhance our ability to extract valuable insights efficiently and ensure our outputs are both trustworthy and compliant with applicable regulations. Additionally, we plan to facilitate the transition of our existing research and development and data operation teams into these specialized roles, aiming to strengthen our ability to develop sophisticated AI-driven products.
 - (b) Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to acquire third-party AI technologies including large language models and speech recognition technology, which will enable us to provide personalized journey recommendations and intelligent customer service through conversations, and image/video generation technology, which will improve our efficiency in creating and designing user interface and advertising materials. According to CIC, such technologies are readily available in the market for acquisition. This investment will bolster our capabilities in data acquisition, processing, and training, thereby improving both user experience and operational efficiency. Additionally, we plan to make targeted investments that align with our technological and product development goals.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for sales and marketing efforts to enhance our market presence and brand recognition.

FUTURE PLANS AND USE OF [REDACTED]

- (i) Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for a variety of online and offline marketing campaigns designed to amplify our market influence and brand awareness, including targeted advertising to improve geographic coverage and penetration of our products, branding activities aimed at increasing engagement with existing users, and marketing initiatives to extend the reach of our new products. For online marketing, our channels will include, but are not limited to, major app stores and content distribution platforms. For offline marketing, we will identify cities with significant growth potential and conduct brand advertising campaigns, such as placing ads in bus shelters or inside buses. Additionally, we plan to leverage the engagement features of some app stores and run activities such as check-ins to increase the activity levels of our existing users.
- (ii) Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to expand our sales and marketing team. We plan to recruit a team of approximately 15 professionals with expertise in both online and offline marketing strategies, event planning, and advertising operations from 2025 to 2027. These experts will also possess up-to-date industry knowledge and familiarity with the new industries targeted by our upcoming product launches.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to recruit a team of approximately 15 personnel consisting of (i) product development professionals to refine existing features and incorporate more AI-enabled features into our current products, (ii) operational professionals to manage and operate these offerings and supervise interactions with users and customers, and (iii) experts with specialized experience in the industries we plan to expand into from 2025 to 2027.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], is expected to be used for working capital and general corporate purposes.

If the net [REDACTED] from the [REDACTED] exceed the above funding requirements and, to the extent permitted by applicable laws and regulations, we will use the surplus funds for working capital. If we urgently need the funds for the above purposes but cannot immediately obtain the net [REDACTED] from the [REDACTED], we will use self-raised funds to meet the relevant funding requirements and replace these self-raised funds with the net [REDACTED] from the [REDACTED] when the [REDACTED] become available to us. If the net [REDACTED] of the [REDACTED] are not immediately applied to the above purposes, we will only deposit those net [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions in Hong Kong and the PRC (as defined under the Securities and Futures Ordinance and the applicable laws and regulations in the PRC).

FUTURE PLANS AND USE OF [REDACTED]

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render any of our plans not viable, or the occurrence of force majeure events, our directors will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED].

We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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ACCOUNTANTS’ REPORT

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF METALIGHT INC. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of MetaLight Inc. (the “Company”, formerly known as WeBus Holding Ltd.) and its subsidiaries (together, the “Group”) set out on pages [●] to [●], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the “Relevant Periods”), and the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the Document of the Company dated [Date] (the “Document”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of

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ACCOUNTANTS’ REPORT

expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [●] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[●]

Certified Public Accountants

Hong Kong

[Date]

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I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
REVENUE	5	135,379	174,536	206,137
Cost of sales		(36,577)	(41,292)	(48,690)
Gross profit		98,802	133,244	157,447
Other income and gains	5	5,615	6,930	6,721
Selling expenses		(27,653)	(33,446)	(38,254)
Administrative expenses		(13,890)	(33,661)	(56,236)
Research and development expenses . .		(24,990)	(33,851)	(42,512)
Impairment losses/(reversal of impairment losses) on financial assets, net		(23,708)	1,510	(4,370)
Fair value losses on financial liabilities at fair value through profit or loss	26	(29,455)	(55,545)	(42,968)
Other expenses and losses		(3,684)	(258)	(225)
Finance costs	7	(2,097)	(1,895)	(1,347)
Share of losses of associates		(300)	—	—
LOSS BEFORE TAX	6	(21,360)	(16,972)	(21,744)
Income tax credit/(expense)	10	1,323	(3,356)	(4,394)
LOSS FOR THE YEAR		(20,037)	(20,328)	(26,138)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12			
Basic (RMB)		(0.57)	(0.58)	(0.45)
Diluted (RMB)		(0.57)	(0.58)	(0.45)

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
LOSS FOR THE YEAR	<u>(20,037)</u>	<u>(20,328)</u>	<u>(26,138)</u>
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of subsidiaries not operating in Mainland China	<u>(14,101)</u>	<u>(2,850)</u>	<u>(1,577)</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company	<u>(17,782)</u>	<u>(4,228)</u>	<u>(5,190)</u>
Fair value loss on an equity investment designated at fair value through other comprehensive income	<u>—</u>	<u>—</u>	<u>(8,749)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(17,782)</u>	<u>(4,228)</u>	<u>(13,939)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(31,883)</u>	<u>(7,078)</u>	<u>(15,516)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(51,920)</u></u>	<u><u>(27,406)</u></u>	<u><u>(41,654)</u></u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property and equipment.....	13	1,522	2,116	1,602
Right-of-use assets	14(a)	5,069	2,959	1,571
Intangible assets	15	85	109	328
Investments in associates.....	17	—	—	—
Prepayments, other receivables and other assets	19	1,020	316	163
Financial investments	20	2,998	3,496	15,242
Time deposits	21	—	30,000	30,000
Deferred tax assets	27	26,547	23,191	18,797
Total non-current assets.....		37,241	62,187	67,703
CURRENT ASSETS				
Accounts receivable.....	18	35,696	46,724	33,659
Prepayments, other receivables and other assets	19	10,348	19,176	23,419
Financial investments	20	53,544	40,092	43,079
Cash and cash equivalents.....	21	48,354	55,511	56,306
Total current assets		147,942	161,503	156,463
CURRENT LIABILITIES				
Accounts payable	22	5,422	4,233	7,864
Contract liabilities.....	23	465	1,132	439
Other payables and accruals	24	15,049	38,470	31,480
Interest-bearing bank and other borrowings.....	25	30,965	40,000	30,000
Lease liabilities	14(b)	2,660	2,631	1,178
Financial liabilities at fair value through profit or loss.....	26	390,009	403,248	465,189
Total current liabilities		444,570	489,714	536,150
NET CURRENT LIABILITIES		(296,628)	(328,211)	(379,687)
TOTAL ASSETS LESS CURRENT LIABILITIES.....				
		(259,387)	(266,024)	(311,984)
NON-CURRENT LIABILITIES				
Lease liabilities	14(b)	2,287	158	108
Total non-current liabilities		2,287	158	108
Deficiency in assets.....		(261,674)	(266,182)	(312,092)
EQUITY				
Share capital	28	22	30	44
Reserves	30	(261,696)	(266,212)	(312,136)
Total deficit.....		(261,674)	(266,182)	(312,092)

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Note	Share capital	Share premium	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income			Statutory reserves	Exchange fluctuation reserve	Accumulated losses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022		22	-	14,451	14,398	-	-	850	21,161	(261,032)	(210,150)	
Loss for the year		-	-	-	-	-	-	-	-	(20,037)	(20,037)	
Other comprehensive loss for the year:												
Exchange differences on translation of the												
Group's entities not operating in												
Mainland China		-	-	-	-	-	-	-	(31,883)	-	(31,883)	
Total comprehensive loss for the year		-	-	-	-	-	-	-	(31,883)	(20,037)	(51,920)	
Equity-settled share-based payment arrangements .	29	-	-	-	396	-	-	-	-	-	396	
At 31 December 2022		22	-	14,451*	14,794*	-	-	850*	(10,722)*	(281,069)*	(261,674)	

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Notes	Share capital	Share premium	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Statutory reserves	Exchange fluctuation reserve	Accumulated losses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023		22	-	14,451	14,794	-	850	(10,722)	(281,069)	(261,674)
Loss for the year		-	-	-	-	-	-	-	(20,328)	(20,328)
Other comprehensive loss for the year:										
Exchange differences on translation of the										
Group's entities not operating in Mainland										
China		-	-	-	-	-	-	(7,078)	-	(7,078)
Total comprehensive loss for the year		-	-	-	-	-	-	(7,078)	(20,328)	(27,406)
Issue of shares	28	8	12,525	-	(12,413)	-	-	-	-	120
Repurchase of shares and capital return to registered owners of a subsidiary	26	-	-	22,197	-	-	-	-	-	22,197
Capital contribution from registered owners of a subsidiary for the Group's reorganisation purpose		-	-	100	-	-	-	-	-	100
Equity-settled share-based payment arrangements	29	-	-	-	481	-	-	-	-	481
At 31 December 2023		30	12,525*	36,748*	2,862*	-	850*	(17,800)*	(301,397)*	(266,182)

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Notes	Share capital	Share premium	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Statutory reserves	Exchange fluctuation reserve	Accumulated losses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024		30	12,525	36,748	2,862	-	850	(17,800)	(301,397)	(266,182)
Loss for the year		-	-	-	-	-	-	-	(26,138)	(26,138)
Other comprehensive loss for the year:										
Exchange differences on translation of the Group's entities not operating in Mainland China		-	-	-	-	-	-	(6,767)	-	(6,767)
Fair value loss on an equity investment designated at fair value through other comprehensive income		-	-	-	-	(8,749)	-	-	-	(8,749)
Total comprehensive loss for the year		-	-	-	-	(8,749)	-	(6,767)	(26,138)	(41,654)
Issue of shares	28	21	-	-	-	-	-	-	-	21
Repurchase of shares and capital return to registered owners of a subsidiary	26, 28	(7)	-	(22,515)	-	-	-	-	-	(22,522)
Capital return to registered owners of a subsidiary for the Group's reorganisation purpose		-	-	(35)	-	-	-	-	-	(35)
Equity-settled share-based payment arrangements	29	-	-	-	18,280	-	-	-	-	18,280
Appropriation of statutory reserves		-	-	-	-	-	285	-	(285)	-
At 31 December 2024		44	12,525*	14,198*	21,142*	(8,749)*	1,135*	(24,567)*	(327,820)*	(312,092)

* These reserve accounts comprise the negative balances of consolidated reserves of RMB261,696,000, RMB266,212,000 and RMB312,136,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(21,360)	(16,972)	(21,744)
Adjustments for:				
Finance costs	7	2,097	1,895	1,347
Share of losses of associates		300	—	—
Bank interest income	5	(411)	(753)	(1,381)
Other interest income	5	(289)	(128)	(97)
Investment income	5	(2,045)	(1,657)	(1,574)
Fair value losses/(gains) on financial investments at fair value through profit or loss, net	5, 6	2,844	(590)	(1,882)
Fair value losses on financial liabilities at fair value through profit or loss	26	29,455	55,545	42,968
Loss on disposal/write-off of property and equipment	6	119	—	—
COVID-19-related rent concessions from lessors	5	(299)	—	—
Depreciation of property and equipment	6	263	427	521
Depreciation of right-of-use assets	6	2,582	2,437	2,172
Amortisation of intangible assets	6	43	75	63
Impairment of/(reversal of impairment of) financial assets, net	6	23,708	(1,510)	4,370
Write-off of other receivables	6	—	—	3
Write-off of contract liabilities	5	—	—	(179)
Equity-settled share-based payment expense	29	396	481	18,280
		37,403	39,250	42,867
Decrease/(increase) in accounts receivable		(4,027)	(11,028)	11,184
Increase in prepayments, other receivables and other assets		(6,151)	(536)	(5,129)
Increase/(decrease) in accounts payable		(6,865)	(1,189)	3,631
Increase/(decrease) in contract liabilities		(3,354)	667	(514)

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	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Increase/(decrease) in other payables and accruals		(3,491)	13,850	5,062
Effect of foreign exchange rate changes, net		(286)	(529)	(1,082)
Cash generated from operations		13,229	40,485	56,019
Interest received		411	753	463
Interest paid		(236)	(172)	(58)
Net cash flows from operating activities		13,404	41,066	56,424
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		–	59	879
Purchases of property and equipment	13	(1,271)	(1,021)	(7)
Purchases of intangible assets	15	(62)	(99)	(282)
Investments in an associate		–	(300)	–
Advances of loans to associates		–	(6,800)	–
Repayment of loans from associates		–	6,800	–
Other loans advanced		(11,582)	(7,330)	–
Repayment of other loans advanced		1,100	3,830	1,670
Advances of a loan to a director		–	(2,000)	–
Repayment of a loan from a director		–	2,000	–
Placement of time deposits with original maturity over three months		–	(30,000)	–
Investment in an equity investment designated at fair value through other comprehensive income		–	–	(17,375)
Investments in an equity investment and convertible debt investments at fair value through profit or loss		(3,000)	–	(2,500)
Proceeds from partial disposal/maturity of an equity investment and a convertible debt investment at fair value through profit or loss		–	–	1,639
Purchases of current financial investments at fair value through profit or loss		(529,539)	(553,049)	(331,140)
Proceeds from maturity of current financial investments at fair value through profit or loss		546,789	568,308	329,732
Net cash flows from/(used in) investing activities		2,435	(19,602)	(17,384)

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		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of ordinary shares	28	—	120	—
Proceeds from issue of preferred shares	26	—	—	18,518
Repurchase of shares	28	—	—	(11,703)
Repurchase of preferred shares		—	—	(12,000)
Prepayments of share issue expenses . .		—	(2,209)	(3,074)
Capital contribution from/(return to) registered owners of a subsidiary for the Group's reorganisation purpose .		—	100	(35)
Capital return to registered owners of a subsidiary	26	—	(15,000)	(17,000)
New bank borrowings		27,000	75,590	30,000
Repayment of bank borrowings		(32,985)	(59,590)	(40,000)
New other borrowings		—	3,541	—
Repayment of other borrowings		—	(10,440)	—
Principal portion of lease payments . .		(1,795)	(2,485)	(2,179)
Interest paid on bank and other borrowings		(1,189)	(4,111)	(1,341)
Net cash flows used in financing activities		(8,969)	(14,484)	(38,814)
NET INCREASE IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of year		41,165	48,354	55,511
Effect of foreign exchange rate changes, net		319	177	569
CASH AND CASH EQUIVALENTS AT END OF YEAR		48,354	55,511	56,306
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		48,354	49,811	56,306
Short-term deposits		—	5,700	—
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position	21	48,354	55,511	56,306

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STATEMENTS OF FINANCIAL POSITION

		31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Investments in subsidiaries	16	182,595	171,198	181,102
Financial investments	20	—	—	8,960
Total non-current assets		182,595	171,198	190,062
CURRENT ASSETS				
Due from subsidiaries	16	7	127	122
Prepayments, other receivables and other assets	19	26	1,958	4,719
Financial investments	20	3,386	—	—
Cash and cash equivalents	21	212	614	10,359
Total current assets		3,631	2,699	15,200
CURRENT LIABILITIES				
Due to subsidiaries	16	—	12,961	70,074
Other payables and accruals	24	2,438	20,006	12,997
Interest-bearing bank and other borrowings	25	6,965	—	—
Financial liabilities at fair value through profit or loss	26	390,009	436,215	465,189
Total current liabilities		399,412	433,516	548,260
NET CURRENT LIABILITIES		(395,781)	(422,144)	(533,060)
TOTAL ASSETS LESS CURRENT LIABILITIES				
		(213,186)	(262,318)	(342,998)
Deficiency in assets		(213,186)	(262,318)	(342,998)
EQUITY				
Share capital	28	22	30	44
Reserves	30	(213,208)	(262,348)	(343,042)
Total deficit		(213,186)	(262,318)	(342,998)

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 21 May 2015. The registered office of the Company is located at ICS Corporate Service (Cayman) Limited of 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company’s subsidiaries registered in the People’s Republic of China (the “PRC”) were principally engaged in the provision of mobile advertising services and vehicle dynamic information via app and mini program in Wechat, both of which are known as *Chelaile* and data technology services.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
MetaLight Technology HK Limited (note (a))	Hong Kong 4 June 2015	HK\$10,000	100	–	Investment holding
MetaLight HK Limited (note (b))	Hong Kong 25 September 2024	HK\$1	–	100	Not yet commenced commercial operation
BINARY INVESTMENTS PTE. LTD. (“Binary”) (note (c))	Singapore 4 January 2024	S\$100,000	100	–	Investment holding
Beijing Yuanguang Zhixing Information Technology Co., Ltd. (“Beijing WFOE”) (北京元光智行信息技术有限公司* (note (d)))	PRC/Mainland China 11 August 2015	USD48,000,000	–	100	Provision of mobile advertising services via app <i>Chelaile</i> and investment holding
Wuhan Yuanguang Technology Co., Ltd. (“Wuhan Yuanguang”) (武漢元光科技有限公司* (note (d)))	PRC/Mainland China 4 February 2010	RMB1,699,271	–	100	Provision of mobile advertising services via app <i>Chelaile</i> and data technology services
Wuhan Yuanguang Zhineng Technology Co., Ltd. (“Wuhan WFOE”) (武漢元光智能科技有限公司* (note (c)))	PRC/Mainland China 8 January 2024	USD10,000,000	–	100	Provision of internal auxiliary services to other Group companies
Beijing Yuanguang Zhixing Technology Co., Ltd. (“Beijing Yuanguang”) (北京元光智行科技有限公司* (note (d)))	PRC/Mainland China 6 May 2015	RMB6,000,000	–	100	Provision of internal auxiliary services to other Group companies

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Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Wuhan Chexing Weilai Technology Co., Ltd. (“Wuhan Chexing”) (武漢車行未來科技有限公司* (note (d)))	PRC/Mainland China 9 December 2016	RMB1,000,000	–	100	Provision of internal auxiliary services to other Group companies
Hainan Yuanguang Zhineng Information Technology Co., Ltd. (“Hainan Yuanguang”) (海南元光智能信息技術有限公司* (note (c)))	PRC/Mainland China 23 January 2024	RMB1,000,000	–	100	Not yet commenced commercial operation

* The English names of these subsidiaries represent the best efforts made by the management of the Company to translate the Chinese names as they do not have an official English names registered in the PRC.

Notes:

- (a) The statutory financial statements of this entity for the year ended 31 December 2022 prepared under Hong Kong Financial Reporting Standards were audited by Prestige CPA Limited, certified public accountants registered in Hong Kong, and the statutory financial statement of this entity for the years ended 31 December 2023 and 2024 prepared under Hong Kong Financial Reporting Standards were audited by Wiselite CPA Limited, certified public accountants registered in Hong Kong.
- (b) No audited financial statements have been prepared for this entity during the Relevant Periods as this entity was newly incorporated for less than six months in 2024 and has not yet commenced commercial operation.
- (c) No audited financial statements have been prepared for these entities during the Relevant Periods as these entities were newly incorporated in 2024 and they were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation/registration.
- (d) No audited financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of registration.

In addition to the above entities, during the Relevant Periods, the Company had indirect 100% equity interests in Foshan Chekuailai Technology Co., Ltd.* (佛山車快來科技有限公司) and Hangzhou Chekuailai Technology Co., Ltd.* (杭州車快來科技有限公司), both of which were established in the PRC and operated in Mainland China, and deregistered in March 2024. Prior to their deregistration, both entities were principally engaged in the provision of internal auxiliary service to other Group companies during the Relevant Periods.

Contractual arrangements

Due to regulatory restrictions on foreign ownership in providing value-added telecommunication services in the PRC, majority of the Group’s business was carried out by Wuhan Yuanguang and its subsidiaries operating in Mainland China while the remaining business was carried out by Beijing WFOE during the Relevant Periods. As part of the Group’s reorganisation completed prior to the beginning of the Relevant Periods, the relevant PRC entities and parties, including Beijing WFOE, Wuhan Yuanguang, Beijing Yuanguang, Wuhan Chexing, and the then registered owners of these PRC entities (if applicable), entered into three sets of contractual arrangements to enable the Company to exercise effective control over Wuhan Yuanguang, Beijing Yuanguang and Wuhan Chexing. Accordingly, Wuhan Yuanguang, Beijing Yuanguang and Wuhan Chexing have since been effectively controlled by the Company based on the aforementioned contractual arrangements notwithstanding that the Company does not have any direct or indirect equity interest in Wuhan Yuanguang, Beijing Yuanguang and Wuhan Chexing.

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In preparation for the planned initial [REDACTED] of the shares of the Company on the Stock Exchange and due to the changes in the registered owners or interests held by the registered owners of various PRC entities of the Group during the years ended 31 December 2023 and 2024, the aforementioned contractual arrangements were dismantled and new contractual arrangements, which were set up to accommodate the requirements arising therefrom, were entered into between the relevant PRC entities and parties to replace the terminated contractual arrangements at the respective dates of termination to ensure the Company’s continuous effective control over Wuhan Yuanguang, Beijing Yuanguang and Wuhan Chexing during the Relevant Periods.

On 30 October 2024 and 1 November 2024, the Company obtained indirect 100% legal ownerships of Wuhan Chexing and Beijing Yuanguang from their respective registered owners. Therefore at the end of the Relevant Periods, there remained only one set of contractual arrangement which was entered into between Wuhan WFOE, Wuhan Yuanguang and the then registered owners of Wuhan Yuanguang collectively held 50% interest in Wuhan Yuanguang (if applicable) on 11 November 2024, comprising an exclusive business cooperation service agreement, an exclusive option agreement and an equity pledge agreement, as well as consents granted by spouses of the then registered owners of Wuhan Yuanguang (if applicable) and powers of attorney granted by the then registered owners of Wuhan Yuanguang, which enable the Company to exercise effective control over Wuhan Yuanguang and obtain substantially all economic benefits of Wuhan Yuanguang, after taken into consideration of the remaining 50% interest in Wuhan Yuanguang directly held by Wuhan WFOE and/or Binary.

Further details of the contractual arrangements are set out in the section headed “Contractual Arrangements” in the Document.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial investments at fair value through profit or loss and other comprehensive income and financial liabilities at fair value through profit or loss which have been measured at fair value.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 December 2024, the Group and the Company recorded net current liabilities amounting to RMB379,687,000 and RMB533,060,000, and deficiency in assets amounting to RMB312,092,000 and RMB342,998,000, respectively. The net current liabilities and deficiency in assets primarily arose from the convertible redeemable preferred shares (the “Preferred Shares”) included in financial liabilities at fair value through profit or loss amounting to RMB463,189,000 as at 31 December 2024. As disclosed in note 26 to the Historical Financial Information, since the redemption rights of the Preferred Shares were conditionally suspended upon the first submission of the [REDACTED] application to the Stock Exchange on 31 May 2024, the directors of the Company do not expect the Preferred Shares to be redeemed within twelve months since the date of approval of the Historical Financial Information. In addition, the directors of the Company have reviewed the Group’s cash flow projection prepared by management, which covered a period of not less than twelve months from 31 December 2024. In the opinion of the directors of the Company, taking into account (i) the Group’s financial resources on hand, (ii) the conditional suspension of the redemption rights of the Preferred Shares and the conversion of the Preferred Shares into ordinary shares of the Company in connection with the planned initial [REDACTED] of the shares of the Company within one year from the end of the Relevant Periods, and (iii) the anticipated cash flows to be generated from the Group’s operations as well as the anticipated [REDACTED] from issue of shares of the Company, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2024. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

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Basis of consolidation

The Historical Financial Information include the financial statements of the Company and its subsidiaries. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
Annual Improvements to Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ²

- 1 Effective for annual periods beginning on or after 1 January 2025
- 2 Effective for annual periods beginning on or after 1 January 2026
- 3 Effective for annual/reporting periods beginning on or after 1 January 2027
- 4 No mandatory effective date yet determined but available for adoption

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Further information about those IFRSs that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. IFRS 18 is not expected to have any significant impact on the Group’s financial position and performance and the Group will continue to analyse the new requirements and assess the impact of IFRS 18 on the presentation and disclosure of the Group’s financial information.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. IFRS 19 is not expected to have any significant impact on the Group’s financial information.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group’s financial information.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group’s financial information.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or accumulated losses or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group’s financial information.

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Annual Improvements to IFRS Accounting Standards — Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial information.
- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial information.
- **IFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial information.
- **IAS 7 *Statement of Cash Flows*:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of IAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group’s financial information.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses.

The Group’s share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial investments at fair value through profit or loss and other comprehensive income and financial liabilities at fair value through profit or loss at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than deferred tax assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and 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 of a parent of the Group;

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or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group 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); and
 - (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 parent of the Group.

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 33.33%
Furniture and office equipment	20%
Electronics equipment	20%
Motor vehicles	20%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years, which are mainly determined by reference to the licensed period of the purchased software.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

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Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivable which apply the simplified approach under certain circumstances as detailed below.

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For accounts receivable that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (accounts and other payables, and borrowings)

After initial recognition, accounts and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group’s own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

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Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual installments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, 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 between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Mobile advertising services

The Group provides display advertising services primarily through display of impressions of customers’ advertisements on particular areas of the Group’s app and mini program in Wechat, both of which are known as *Chelaile* (the “App Advertising”). The service fee from customers is charged primarily on the basis of per thousand impressions. Revenue is recognised at the point in time upon the occurrence of qualified displays.

The Group also provides display advertising services by posting articles of customers’ advertisements on *Chelaile*’s official account in WeChat (the “WeChat Advertising”). The Group recognises revenue at the point in time when the article is posted in WeChat.

(b) Data technology services

The Group’s data-driven services include data related services, data analytics services, consultancy services and other related auxiliary services based on its data and knowledge mainly in the field of public transportation in major cities of Mainland China. Revenue is recognised over time as services are rendered, or at a point in time when ultimate users consume the corresponding public transportation services.

The Group provides information technology (“IT”) solution services customised to the specific needs of particular customers. Revenue is recognised over time, using an output method to measure progress towards complete satisfaction of the service, when the Group’s performance creates an asset with no alternative use to the Group and the Group has enforceable right to payment for performance obligations completed to date; otherwise, the revenue is recognised at a point in time upon acceptance of customised services by customers.

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Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates two share-based incentive schemes. Employees (including directors) and other eligible participants of the Group receive remuneration in the form of share-based payments, whereby employees and other eligible participants render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binominal model for share options or with reference to the fair value of the underlying share for share awards, further details of which are given in note 29 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee or other qualifying person as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Pension scheme

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by local municipal governments. These entities are required to contribute certain percentages of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

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Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Events after the reporting period

If the Group receives information after the end of the Relevant Periods, but prior to the date of authorisation for issue, about conditions that existed at the end of the Relevant Periods, it will assess whether the information affects the amounts that it recognises in the Historical Financial Information. The Group will adjust the amounts recognised in the Historical Financial Information to reflect any adjusting events after the end of the Relevant Periods and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the end of the Relevant Periods, the Group will not change the amounts recognised in the Historical Financial Information, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The functional currency and presentation currency of the Company is the United States Dollars (“USD”) and RMB, respectively.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of the Group’s entities not operating in Mainland China are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into the RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the respective year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of an entity not operating in Mainland China which is directly or indirectly owned by the Company, the cumulative amount in the reserve relating to that particular entity is recognised in the statement of profit or loss. The cumulative exchange differences arising from the translation of the Company’s standalone financial statements are not reclassified to profit or loss in the consolidated financial statements.

Any goodwill arising on the acquisition of an entity not operating in Mainland China and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of that particular entity and translated at the closing rate.

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For the purpose of the consolidated statements of cash flows, the cash flows of the Group’s entities not operating in Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of such entities which arise throughout a particular year are translated into RMB at the weighted average exchange rates for that particular year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Accounting for companies governed under contractual arrangements as subsidiaries

The Company and some of its subsidiaries do not hold any equity interests in certain of their subsidiaries. Nevertheless, under the contractual agreements entered into between the Group and the shareholders/shareholding companies who are the registered owners of those subsidiaries, the directors of the Company determine that the Group has the power to govern the financial and operating policies of those subsidiaries so as to obtain benefits from their activities. As such, those subsidiaries are accounted for as subsidiaries of the Group for accounting purposes.

Research and development costs

Development expenses incurred on the Group’s products and services are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group’s intention to complete and the Group’s ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Relevant Periods, all expenses incurred for research and development activities were expensed when incurred.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of fair value of financial liabilities at fair value through profit or loss

The fair value of Preferred Shares is determined by using valuation techniques with assumptions such as discount rate, risk-free interest rate and volatility. The discounted cash flow method or the backsolve method of the market approach was used to determine the total equity value of the Group and then equity allocation based on the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing model, was adopted to determine the fair value of the Preferred Shares. The Group classified the fair value of the Preferred Shares as Level 3. The fair values of the Preferred Shares were RMB390,009,000, RMB403,248,000 and RMB465,189,000 at 31 December 2022, 2023 and 2024, respectively. Further details are included in note 26 to the Historical Financial Information.

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Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has tax losses of RMB2,138,000, RMB2,384,000 and RMB1,628,000 carried forward at 31 December 2022, 2023 and 2024, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. These subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details are contained in note 27 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, during the Relevant Periods, the Group has only one reportable operating segment, which is the provision of mobile advertising services via app *Chelaile* and data technology services, because the Group’s chief operating decision maker, who has been identified as the Chief Executive Officer (“CEO”), regularly reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

All of the Group’s external revenue were derived from customers located in Mainland China during the Relevant Periods.

(b) Non-current assets

All of the Group’s non-current assets were located in Mainland China as at the end of each of the Relevant Periods. The non-current asset information excludes financial instruments and deferred tax assets.

Information about major customers

During the Relevant Periods, revenues from transactions with single external customers (including entities under common control with those customers) amounting to 10% or more of the Group’s revenues are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Customer A	42,183	51,076	53,290
Customer B	23,480	34,604	38,365
Customer C	13,672	19,676	20,721
Customer F	14,377	—	—
	<u> </u>	<u> </u>	<u> </u>

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5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Mobile advertising services	115,284	167,979	202,049
Data technology services.	20,095	6,557	4,088
Total	<u>135,379</u>	<u>174,536</u>	<u>206,137</u>

Disaggregation of the Group’s revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Transfer at a point in time:			
Mobile advertising services	115,284	167,979	202,049
Data technology services.	1,146	2,324	1,532
Subtotal	<u>116,430</u>	<u>170,303</u>	<u>203,581</u>
Transfer over time:			
Data technology services.	18,949	4,233	2,556
Subtotal	<u>18,949</u>	<u>4,233</u>	<u>2,556</u>
Total revenue.	<u>135,379</u>	<u>174,536</u>	<u>206,137</u>

The following table shows the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of the respective period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Mobile advertising services	389	69	327
Data technology services.	3,430	396	805
Total	<u>3,819</u>	<u>465</u>	<u>1,132</u>

Information about the Group’s performance obligations is summarised below:

Mobile advertising services

The performance obligation of the App Advertising is satisfied upon the occurrence of qualified displays and payment is generally due within 30 days from the billing date, except for small-sized customers where payment in advance is normally required. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint. The performance obligation of the WeChat Advertising is satisfied upon the posting of articles in WeChat and payment in advance is required.

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Data technology services

The performance obligation of data-driven services is satisfied over time as services are rendered, while the performance obligation of customised IT solution services is satisfied either over time or at a point in time depending on whether the Group has enforceable right to payment for performance obligations completed to date. Payment due date is negotiated on a contract-by-contract basis and certain contracts require a portion of service fee to be paid in advance upon signing the contracts and/or retained by customers until the end of the retention period upon the satisfaction of the service quality by the customers.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:			
Within one year	4,176	1,299	1,003
After one year	263	597	8
Total	<u>4,439</u>	<u>1,896</u>	<u>1,011</u>

An analysis of the Group’s other income and gains is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<u>Other income</u>			
Bank interest income	411	753	1,381
Other interest income	289	128	97
Investment income from financial investments at fair value through profit or loss	2,045	1,657	1,574
Government grant*	2,410	3,760	1,428
Others	–	32	2
Total other income	<u>5,155</u>	<u>6,330</u>	<u>4,482</u>
<u>Gains</u>			
Fair value gains on financial investments at fair value through profit or loss	158	590	1,882
COVID-19-related rent concessions from lessors	299	–	–
Write-off of contract liabilities	–	–	179
Foreign exchange gains, net	3	10	178
Total gains	<u>460</u>	<u>600</u>	<u>2,239</u>
Total other income and gains	<u>5,615</u>	<u>6,930</u>	<u>6,721</u>

* Various government grants during the Relevant Periods were mainly attributable to the Group’s development in advanced technology and contributions to the district where the Group’s primary business operates, as well as additional value-added tax deductibles and other tax benefits. There are no unfulfilled conditions or contingencies relating to these government grants.

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6. LOSS BEFORE TAX

The Group’s loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB’000	RMB’000	RMB’000
Cost of services provided*		36,577	41,292	48,690
Depreciation of property and equipment	13	263	427	521
Depreciation of right-of-use assets	14(a)	2,582	2,437	2,172
Amortisation of intangible assets	15	43	75	63
Lease payments not included in the measurement of lease liabilities	14(c)	83	28	147
Auditor’s remuneration		–	–	–
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expense (excluding directors’ and chief executive’s remuneration (note 8):*				
Wages and salaries		34,463	42,693	38,092
Social welfare benefits		4,308	4,827	5,122
Termination benefits		974	3,287	1,029
Equity-settled share-based payment expense		396	481	6,355
Pension scheme contribution (defined contribution scheme)		1,764	1,978	2,277
Total		41,905	53,266	52,875
Impairment of/(reversal of impairment of) financial assets, net:				
Accounts receivable	18	462	–	1,881
Financial assets included in prepayments, other receivables and other assets	19	23,246	(1,510)	2,489
Total		23,708	(1,510)	4,370
Fair value losses on financial investments at fair value through profit or loss**		3,002	–	–
Loss on disposal/write-off of property and equipment**		119	–	–
Write-off of other receivables**	–	–	–	3
Donations**		–	250	–
Penalties and compensation**		563	8	222

* Employee benefit expense of RMB10,246,000, RMB9,802,000 and RMB9,606,000 are classified as and included in cost of services provided for the years ended 31 December 2022, 2023 and 2024, respectively.

** These items are included in “Other expenses and losses” in the consolidated statements of profit or loss.

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on bank borrowings	1,189	1,475	1,289
Interest on other borrowings	672	248	–
Interest on lease liabilities	236	172	58
Total	<u>2,097</u>	<u>1,895</u>	<u>1,347</u>

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

The remuneration of the Company’s directors (including the chief executive) during the Relevant Periods is summarised as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	2,192	2,620	4,126
Discretionary performance related bonuses . . .	957	3,720	2,964
Equity-settled share-based payment expense . .	–	–	11,925
Pension scheme contributions	139	188	205
Subtotal	<u>3,288</u>	<u>6,528</u>	<u>19,220</u>
Total fees and other emoluments	<u>3,288</u>	<u>6,528</u>	<u>19,220</u>

During the Relevant Periods, certain directors were granted share options and/or share awards of the Company in respect of their services to the Group, under the share-based incentive schemes of the Group, further details of which are set out in note 29 to the Historical Financial Information. The fair value of such share options and share awards, which has been recognised in the statement of profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors’ and chief executive’s remuneration disclosures.

The remuneration of each of the Company’s directors is set out below:

	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2022						
Dr. SUN Xi*	–	667	338	–	48	1,053
Mr. LIU Wei	–	–	–	–	–	–
Ms. SHE Yali	–	415	120	–	12	547
Mr. LI Xiaoguang	–	–	–	–	–	–
Ms. ZHANG Yu	–	–	–	–	–	–
Mr. XIAO Pingyuan . . .	–	472	104	–	12	588
Mr. CHAI Hua	–	–	–	–	–	–
Ms. QIAN Jinlei	–	638	395	–	67	1,100
Total	–	<u>2,192</u>	<u>957</u>	–	<u>139</u>	<u>3,288</u>

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	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023						
Dr. SUN Xi*	–	683	560	–	71	1,314
Mr. LIU Wei	–	–	–	–	–	–
Ms. SHE Yali	–	345	–	–	17	362
Mr. LI Xiaoguang	–	–	–	–	–	–
Ms. ZHANG Yu	–	–	–	–	–	–
Mr. XIAO Pingyuan . . .	–	392	–	–	17	409
Mr. CHAI Hua	–	–	–	–	–	–
Ms. QIAN Jinlei	–	641	660	–	70	1,371
Ms. YU Hao	–	–	–	–	–	–
Ms. LU Lu	–	447	2,000	–	10	2,457
Mr. XU Cheng	–	112	500	–	3	615
Total	–	<u>2,620</u>	<u>3,720</u>	<u>–</u>	<u>188</u>	<u>6,528</u>
Year ended 31 December 2024						
Dr. SUN Xi*	–	687	660	4,881	66	6,294
Mr. CHAI Hua	–	–	–	–	–	–
Ms. QIAN Jinlei	–	647	660	3,234	66	4,607
Ms. YU Hao	–	–	–	–	–	–
Ms. LU Lu	–	2,100	1,500	2,895	58	6,553
Mr. XU Cheng	–	692	144	915	15	1,766
Dr. XIE Tao	–	–	–	–	–	–
Ms. SU Yu	–	–	–	–	–	–
Mr. LI Yifan	–	–	–	–	–	–
Mr. ZHENG Yunduan . .	–	–	–	–	–	–
Total	–	<u>4,126</u>	<u>2,964</u>	<u>11,925</u>	<u>205</u>	<u>19,220</u>

* Dr. SUN Xi is also the chief executive of the Company.

On 9 November 2023, Mr. LIU Wei, Ms. SHE Yali, Mr. LI Xiaoguang, Ms. ZHANG Yu and Mr. XIAO Pingyuan resigned as directors of the Company, and Ms. YU Hao, Ms. LU Lu and Mr. XU Cheng were appointed as directors of the Company.

On 23 April 2024, Mr. CHAI Hua and Ms. YU Hao resigned as directors of the Company.

On 29 May 2024, (i) Dr. SUN Xi, Ms. QIAN Jinlei, Ms. LU Lu and Mr. XU Cheng were re-designated as executive directors of the Company with immediate effect; and (ii) Ms. SU Yu, Mr. ZHENG Yunduan and Dr. XIE Tao were appointed as independent non-executive directors of the Company with effect from the date of [REDACTED] of the Company.

On 19 November 2024, Mr. ZHENG Yunduan resigned as an independent non-executive director of the Company with immediate effect.

On 30 December 2024, Mr. LI Yifan was appointed as an independent non-executive director of the Company with effect from the date of [REDACTED] of the Company.

There was no arrangement under which a director of the Company waived or agreed to waive any remuneration and no remuneration was paid by the Group to a director of the Company as an inducement to join or upon joining the Group during the Relevant Periods.

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9. FIVE HIGHEST PAID EMPLOYEES

Included in the five highest paid employees during the years ended 31 December 2022, 2023 and 2024 were two, three and three directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three, two and two highest paid employees who are neither a director nor chief executive of the Company for the years ended 31 December 2022, 2023 and 2024, respectively, are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,012	2,680	835
Discretionary performance related bonuses	1,088	150	270
Equity-settled share-based payment expense	239	167	5,095
Pension scheme contributions	71	52	82
Total	<u>3,410</u>	<u>3,049</u>	<u>6,282</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2022	2023	2024
Nil to HK\$1,000,000	—	—	—
HK\$1,000,001 to HK\$1,500,000	3	—	—
HK\$1,500,001 to HK\$2,000,000	—	2	—
HK\$2,000,001 to HK\$2,500,000	—	—	—
HK\$2,500,001 to HK\$3,000,000	—	—	1
HK\$3,000,001 to HK\$3,500,000	—	—	—
HK\$3,500,001 to HK\$4,000,000	—	—	—
HK\$4,000,001 to HK\$4,500,000	—	—	1
Total	<u>3</u>	<u>2</u>	<u>2</u>

During and prior to the Relevant Periods, certain non-director and non-chief executive highest paid employees were granted share options and/or share awards of the Company in respect of their services to the Group, under the share-based incentive schemes of the Group, further details of which are set out in note 29 to the Historical Financial Information. The fair value of such share options and share awards, which has been recognised in the statement of profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above non-director and non-chief executive highest paid employees’ remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Pursuant to the relevant rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Hong Kong

The Hong Kong profits tax rate during the Relevant Periods was 16.5%. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods.

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Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Mainland China are subject to corporate income tax (“CIT”) at a rate of 25% on the taxable income. During the Relevant Periods, Beijing WFOE and Wuhan Yuanguang were entitled to a preferential tax rate of 15% because they were “High and New Technology Enterprise.” In addition, the Group’s other subsidiaries operating in Mainland China were entitled to effective preferential tax rates of 2.5%, 5% and 5% for the years ended 31 December 2022, 2023 and 2024, respectively, because they were regarded as “small-scaled minimal profit enterprises” with taxable income no more than RMB1,000,000.

	Year ended 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Current tax charged for the year	—	—	—
Deferred tax charged/(credited) for the year (note 27)	(1,323)	3,356	4,394
Total tax charge/(credit) for the year	<u>(1,323)</u>	<u>3,356</u>	<u>4,394</u>

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory tax rates for the jurisdictions in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Profit/(loss) before tax			
Cayman Islands	(30,157)	(67,971)	(63,005)
Hong Kong	(6)	(99)	(48)
Mainland China	8,803	51,098	41,309
Total	<u>(21,360)</u>	<u>(16,972)</u>	<u>(21,744)</u>
Tax at the statutory tax rates			
Cayman Islands	—	—	—
Hong Kong	—	(16)	(8)
Mainland China	2,201	12,775	10,327
Total tax at the statutory tax rates	2,201	12,759	10,319
Lower tax rates enacted by relevant authorities . .	(821)	(5,091)	(4,324)
Expenses not deductible for tax	157	488	3,555
Additional deductible allowance for research and development expenses	(2,863)	(4,823)	(5,131)
Prior years’ tax losses recognised	—	—	(96)
Tax losses not recognised	3	23	71
Tax charge/(credit) at the Group’s effective rate .	<u>(1,323)</u>	<u>3,356</u>	<u>4,394</u>

There was no share of tax attributable to associates included in “Share of losses of associates” in the consolidated statement of profit or loss during the Relevant Periods.

11. DIVIDENDS

There was no dividend declared or paid by the Company during the Relevant Periods.

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12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to the ordinary equity holders of the Company, and the weighted average number of ordinary shares of 34,980,147, 35,078,703 and 57,873,299 outstanding during the years ended 31 December 2022, 2023 and 2024, respectively.

The calculation of the diluted loss per share amounts is based on the loss for the year attributable to the ordinary equity holders of the Company, adjusted to reflect the fair value changes of the Preferred Shares classified as financial liabilities at fair value through profit or loss, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the Relevant Periods, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, where applicable (see below).

The calculations of basic and diluted loss per share are based on:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<u>Loss</u>			
Loss attributable to ordinary equity holders of the Company, as used in the basic loss per share calculation	(20,037)	(20,328)	(26,138)
Adjustment for fair value losses on the Preferred Shares	<u>29,455</u>	<u>55,545</u>	<u>42,968</u>
Profit attributable to ordinary equity holders of the Company before fair value losses on the Preferred Shares	<u>9,418*</u>	<u>35,217*</u>	<u>16,830*</u>
	Number of shares		
	Year ended 31 December		
	2022	2023	2024
<u>Shares</u>			
Weighted average number of ordinary shares outstanding used in the basic loss per share calculation	34,980,147	35,078,703	57,873,299
Effect of dilution – weighted average number of ordinary shares			
Share options	—*	—*	—*
Preferred Shares	—*	—*	—*
Total	<u>34,980,147</u>	<u>35,078,703</u>	<u>57,873,299</u>

* The share options and the Preferred Shares were ignored in the calculation of diluted loss per share amounts for the Relevant Periods because they had anti-dilutive effects on the basic loss per share amounts as evidenced by the potential decrease in diluted loss per share amounts when taking share options into account or the potential change to diluted earnings per share amounts when taking the Preferred Shares into account. Accordingly, the diluted loss per share amounts for the Relevant Periods are same as the basic loss per share amounts for the respective years.

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13. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and office equipment	Electronics equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022					
At 1 January 2022:					
Cost	1,564	61	1,006	–	2,631
Accumulated depreciation and impairment	(1,427)	(22)	(549)	–	(1,998)
Net carrying amount	<u>137</u>	<u>39</u>	<u>457</u>	<u>–</u>	<u>633</u>
At 1 January 2022, net of accumulated depreciation and impairment	137	39	457	–	633
Additions	–	–	45	1,226	1,271
Disposals/write-off	–	–	(119)	–	(119)
Depreciation provided during the year	<u>(89)</u>	<u>(12)</u>	<u>(162)</u>	<u>–</u>	<u>(263)</u>
At 31 December 2022, net of accumulated depreciation and impairment	<u>48</u>	<u>27</u>	<u>221</u>	<u>1,226</u>	<u>1,522</u>
At 31 December 2022:					
Cost	1,564	61	477	1,226	3,328
Accumulated depreciation and impairment	(1,516)	(34)	(256)	–	(1,806)
Net carrying amount	<u>48</u>	<u>27</u>	<u>221</u>	<u>1,226</u>	<u>1,522</u>
31 December 2023					
At 1 January 2023:					
Cost	1,564	61	477	1,226	3,328
Accumulated depreciation and impairment	(1,516)	(34)	(256)	–	(1,806)
Net carrying amount	<u>48</u>	<u>27</u>	<u>221</u>	<u>1,226</u>	<u>1,522</u>
At 1 January 2023, net of accumulated depreciation and impairment	48	27	221	1,226	1,522
Additions	–	2	22	997	1,021
Depreciation provided during the year	<u>(22)</u>	<u>(12)</u>	<u>(82)</u>	<u>(311)</u>	<u>(427)</u>
At 31 December 2023, net of accumulated depreciation and impairment	<u>26</u>	<u>17</u>	<u>161</u>	<u>1,912</u>	<u>2,116</u>
At 31 December 2023:					
Cost	1,564	63	499	2,224	4,350
Accumulated depreciation and impairment	(1,538)	(46)	(339)	(311)	(2,234)
Net carrying amount	<u>26</u>	<u>17</u>	<u>160</u>	<u>1,913</u>	<u>2,116</u>

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	Leasehold improvements	Furniture and office equipment	Electronics equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
At 1 January 2024:					
Cost	1,564	63	499	2,224	4,350
Accumulated depreciation and impairment	(1,538)	(46)	(339)	(311)	(2,234)
Net carrying amount	<u>26</u>	<u>17</u>	<u>160</u>	<u>1,913</u>	<u>2,116</u>
At 1 January 2024, net of accumulated depreciation and impairment	26	17	160	1,913	2,116
Additions	–	–	7	–	7
Depreciation provided during the year	<u>(22)</u>	<u>(11)</u>	<u>(67)</u>	<u>(421)</u>	<u>(521)</u>
At 31 December 2024, net of accumulated depreciation and impairment	<u>4</u>	<u>6</u>	<u>100</u>	<u>1,492</u>	<u>1,602</u>
At 31 December 2024:					
Cost	1,564	63	506	2,224	4,357
Accumulated depreciation and impairment	(1,560)	(57)	(406)	(732)	(2,755)
Net carrying amount	<u>4</u>	<u>6</u>	<u>100</u>	<u>1,492</u>	<u>1,602</u>

14. LEASES

Group as a lessee

The Group has certain lease contracts for buildings for its office and dormitory uses. Leases of buildings generally have lease terms between one year to three years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets*

The carrying amounts of right-of-use assets for buildings and the movements during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year. . . .	2,261	5,069	2,959
Additions	5,390	492	463
Depreciation charges	(2,582)	(2,437)	(2,172)
Revision of lease payments	–	(165)	321
Carrying amount at end of year	<u>5,069</u>	<u>2,959</u>	<u>1,571</u>

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(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year	1,651	4,947	2,789
New leases	5,390	492	463
Accretion of interest recognised during the year	236	172	58
Payments	(2,031)	(2,657)	(2,237)
COVID-19-related rent concessions from lessors	(299)	–	–
Revision of lease payments	–	(165)	213
Carrying amount at end of year	<u>4,947</u>	<u>2,789</u>	<u>1,286</u>

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Analysed into:			
Current portion			
Repayable within one year	<u>2,660</u>	<u>2,631</u>	<u>1,178</u>
Non-current portion			
Repayable in the second year	<u>2,287</u>	<u>158</u>	<u>108</u>
Total lease liabilities	<u>4,947</u>	<u>2,789</u>	<u>1,286</u>

The maturity analysis of lease liabilities is disclosed in note 35 to the Historical Financial Information.

The Group applied the practical expedient to all eligible COVID-19-related rent concessions granted by the lessors during the year ended 31 December 2022.

(c) The amounts charged/(credited) to profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	236	172	58
Depreciation charge of right-of-use assets	2,582	2,437	2,172
Expense relating to short-term leases included in selling, administrative and research and development expenses	83	28	147
COVID-19-related rent concessions from lessors	(299)	–	–
Total amount recognised in profit or loss	<u>2,602</u>	<u>2,637</u>	<u>2,377</u>

(d) The total cash outflow for leases is disclosed in note 31(c) to the Historical Financial Information.

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15. OTHER INTANGIBLE ASSETS

Software

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year			
Cost	109	171	270
Accumulated amortisation and impairment . . .	(43)	(86)	(161)
Net carrying amount	<u>66</u>	<u>85</u>	<u>109</u>
At beginning of year, net of accumulated amortisation and impairment	66	85	109
Additions	62	99	282
Amortisation provided during the year	<u>(43)</u>	<u>(75)</u>	<u>(63)</u>
At end of year, net of accumulated amortisation and impairment	<u>85</u>	<u>109</u>	<u>328</u>
At end of year			
Cost	171	270	443
Accumulated amortisation and impairment . . .	<u>(86)</u>	<u>(161)</u>	<u>(115)</u>
Net carrying amount	<u>85</u>	<u>109</u>	<u>328</u>

16. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES

Company

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Investments, at cost	15,696	16,448	35,751
Due from a subsidiary	<u>166,899</u>	<u>154,750</u>	<u>145,351</u>
Total	<u>182,595</u>	<u>171,198</u>	<u>181,102</u>

The amount due from a subsidiary is unsecured and interest-free. In the opinion of the directors of the Company, the outstanding amount is unlikely to be repaid in the foreseeable future and is considered as part of the Company’s net investment in that subsidiary.

Other than the aforementioned amount due from a subsidiary, the Company’s other balances with subsidiaries are unsecured, interest-free and repayable on demand.

Particulars of the Company’s subsidiaries as at the end of the Relevant Periods are set out in note 1 to the Historical Financial Information.

17. INVESTMENTS IN ASSOCIATES

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of net assets	—	—	—

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Particulars of the Group’s associates are as follows:

Name	Particulars of equity interest held	Percentage of ownership interest attributable to the Group			Principal activities
		31 December			
		2022	2023	2024	
Hefei Xunboche Technology Co., Ltd.* (“Hefei Xunboche”) (合肥迅泊车科技有限公司) .	Capital of RMB300,000	30%	30%	30%	Provision of smart parking technology services
Beijing Yuanfeng Technology Co., Ltd.* (“Beijing Yuanfeng”) (北京元封科技有限公司) . .	Capital of RMB1,080,000	–	36%	36%	Provision of mobile marketplace services

* The English names represent the best efforts made by the management of the Company to translate the Chinese name.

The Group’s equity interests in the associates are indirectly held through a wholly-owned subsidiary of the Company.

The Group’s other receivables and loans receivable balances with Beijing Yuanfeng are disclosed in note 19 to the Historical Financial Information.

The amounts of the Group’s unrecognised share of losses of associates during the Relevant Periods are summarised below:

	Year ended 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Hefei Xunboche	446	105	53
Beijing Yuanfeng	–	985	270
	<u> </u>	<u> </u>	<u> </u>

The amounts of the Group’s unrecognised share of losses of associates cumulatively at the end of each of the Relevant Periods are summarised below:

	31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Hefei Xunboche	446	551	604
Beijing Yuanfeng	–	985	1,255
	<u> </u>	<u> </u>	<u> </u>

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All of the Group’s associates are not considered individually material during the Relevant Periods and at the end of each of the Relevant Periods. The following tables illustrates their aggregate financial information:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of the associates’:			
loss for the year	300	—	—
other comprehensive income	—	—	—
total comprehensive loss	<u>300</u>	<u>—</u>	<u>—</u>

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Aggregate carrying amount of the Group’s investments in associates	<u>—</u>	<u>—</u>	<u>—</u>

18. ACCOUNTS RECEIVABLE

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Accounts receivable	36,158	47,186	35,487
Impairment	<u>(462)</u>	<u>(462)</u>	<u>(1,828)</u>
Net carrying amount	<u>35,696</u>	<u>46,724</u>	<u>33,659</u>

The Group’s trading terms with its customers are mainly on credit, except for customers placed advertisements on *Chelaile*’s official account in WeChat, where payment in advance is normally required. The credit period is generally 30 days to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Accounts receivable are settled in accordance with the terms of the respective contracts. Notwithstanding that the Group has concentration of credit risk as further detailed in note 35 to the Historical Financial Information, the directors of the Company are of the view that there has been no significant increase in credit risk of default because the amounts are from customers which are related companies and/or with good repayment history. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

The Group’s accounts receivable included amounts due from entities controlled by the Company’s shareholding companies with significant influence over the Company and the Group’s associates, which are repayable on the terms mutually agreed by the parties involved, further details of which are included in note 32 to the Historical Financial Information.

An ageing analysis of the accounts receivable as at the end of each of the Relevant Periods, based on the date of services rendered and net of loss allowance, is as follows:

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 6 months	35,694	33,964	33,357
7th to 12th months	—	12,760	302
13th to 24th months	<u>2</u>	<u>—</u>	<u>—</u>
Total	<u>35,696</u>	<u>46,724</u>	<u>33,659</u>

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The movements in the loss allowance for impairment of accounts receivable are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	–	462	462
Impairment loss (<i>note 6</i>)	462	–	1,881
Amount written off as uncollectible	–	–	(515)
At end of year	<u>462</u>	<u>462</u>	<u>1,828</u>

The increase in the loss allowance during the year ended 31 December 2022 was mainly due to an increase in the gross amount of accounts receivable of a specific customer of which approximately RMB462,000 were aged over one year. The Group has initiated legal actions against that specific customer in recovering the outstanding receivable balance in 2023 and filed a court case to freeze that specific customer’s assets in 2024. There was no change in the loss allowance during the year ended 31 December 2023. The increase in the loss allowance during the year ended 31 December 2024 was mainly due to an increase in the gross amount of accounts receivable aged over one year.

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on the ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivable are written off if past due for more than two years and are not subject to enforcement activity. In addition, when there exists an indicator of significant increase in credit risk in relation to a particular debtor, an impairment analysis is performed in respect of the corresponding outstanding receivable balance on an individual debtor basis.

Set out below is the information about the credit risk exposure on the Group’s accounts receivable using a provision matrix:

As at 31 December 2022

	Ageing				Total
	Within 6 months	7th to 12th months	13th to 24th months	Over 24 months	
Individually assessed:					
Expected credit loss rate	–	–	100.00%	–	100.00%
Gross carrying amount (<i>RMB'000</i>)	–	–	462	–	462
Expected credit losses (<i>RMB'000</i>)	<u>–</u>	<u>–</u>	<u>462</u>	<u>–</u>	<u>462</u>
Collectively assessed:					
Expected credit loss rate	0.00%	–	0.00%	–	0.00%
Gross carrying amount (<i>RMB'000</i>)	35,694	–	2	–	35,696
Expected credit losses (<i>RMB'000</i>)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total:					
Gross carrying amount (<i>RMB'000</i>)	35,694	–	464	–	36,158
Expected credit losses (<i>RMB'000</i>)	<u>–</u>	<u>–</u>	<u>462</u>	<u>–</u>	<u>462</u>

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As at 31 December 2023

	Ageing				
	Within 6 months	7th to 12th months	13th to 24th months	Over 24 months	Total
Individually assessed:					
Expected credit loss rate	–	–	–	100.00%	100.00%
Gross carrying amount (RMB’000)	–	–	–	462	462
Expected credit losses (RMB’000)	–	–	–	462	462
Collectively assessed:					
Expected credit loss rate	0.00%	0.00%	–	–	0.00%
Gross carrying amount (RMB’000)	33,964	12,760	–	–	46,724
Expected credit losses (RMB’000)	–	–	–	–	–
Total:					
Gross carrying amount (RMB’000)	33,964	12,760	–	462	47,186
Expected credit losses (RMB’000)	–	–	–	462	462

As at 31 December 2024

	Ageing				
	Within 6 months	7th to 12th months	13th to 24th months	Over 24 months	Total
Individually assessed:					
Expected credit loss rate	100.00%	100.00%	100.00%	100.00%	100.00%
Gross carrying amount (RMB’000)	100	100	605	462	1,267
Expected credit losses (RMB’000)	100	100	605	462	1,267
Collectively assessed:					
Expected credit loss rate	1.16%	8.21%	100.00%	–	1.64%
Gross carrying amount (RMB’000)	33,749	329	142	–	34,220
Expected credit losses (RMB’000)	390	27	142	–	561
Total:					
Gross carrying amount (RMB’000)	33,849	429	747	462	35,487
Expected credit losses (RMB’000)	492	127	747	462	1,828

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19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current:			
Prepayments	9,868	13,734	21,324
Prepaid other tax	–	269	315
Deposits	294	612	806
Interest receivable	380	449	585
Other loans receivable	18,600	21,290	19,620
Other receivables	4,507	3,533	3,969
Subtotal – current	33,649	39,887	46,619
Impairment	(23,301)	(20,711)	(23,200)
Total – current	10,348	19,176	23,419
Non-current:			
Prepayments	60	–	–
Deposits	620	316	163
Other loans receivable	340	–	–
Total – non-current	1,020	316	163
Total	11,368	19,492	23,582

Other loans receivable comprised:

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Beijing Yuanfeng	15,000	13,920	13,920
Beijing Jianwu Zhongyuan Technology Co., Ltd.* (“Beijing Jianwu”) (北京建武中元科技有限公 司)	3,480	2,970	2,800
Shenzhen City Whale Dynamic Co., Ltd.* (“Whale Dynamic”) (深圳市惠爾智能有限公 司)	–	3,000	2,900
Beijing Luokai Cloud Technology Co., Ltd.* (“Luokai Cloud”) (北京洛凱雲享科技有限公 司)	–	1,010	–
Staff advances	–	390	–
	18,940	21,290	19,620

* The English names represent the best efforts made by the management of the Company to translate the Chinese name.

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On 1 June 2021, Wuhan Yuanguang and Beijing Yuanfeng entered into a loan facility agreement pursuant to which Wuhan Yuanguang agreed to make available a maximum aggregate loan amounting to RMB20,000,000 to Beijing Yuanfeng during the period between 1 June 2021 and 31 May 2023, and the individual loan amounts and repayment dates are stipulated in the respective loan notes when loans are made. The loans were unsecured and interest-bearing at an annual rate of 2%. Full impairment provision was made against the loans and interests amounting to RMB15,000,000 and RMB258,000, respectively, which were considered uncollectible at the end of 2022. On 6 January 2023, a portion of the loans amounting to RMB1,080,000 were capitalised to 36% equity interest of Beijing Yuanfeng which has since become a 36%-owned associate of the Group. Between January and February 2023, Wuhan Yuanguang made loan advances with an aggregate amount of RMB6,800,000 to Beijing Yuanfeng and the amount was fully repaid in 2023.

On 1 February 2021, Wuhan Yuanguang and Beijing Jianwu entered into a loan facility agreement pursuant to which Wuhan Yuanguang agreed to make available a maximum aggregate loan amounting to RMB7,000,000 to Beijing Jianwu during the period between 1 February 2021 and 31 January 2023, and the individual loan amounts and repayment dates are stipulated in the respective loan notes when loans are made. The loans were unsecured and interest-bearing at an annual rate of 2%. Full impairment provision was made against the loans and interests amounting to RMB3,480,000 and RMB122,000, respectively, which were considered uncollectible at the end of 2022. In December 2023 and December 2024, Beijing Jianwu made partial repayments of RMB510,000 and RMB170,000, respectively, to the Group.

On 15 March 2023, Wuhan Yuanguang, Whale Dynamic and Mr. Chang Yufei (the ultimate owner of Whale Dynamic) entered into a loan agreement pursuant to which Wuhan Yuanguang agreed to provide a loan of RMB3,000,000 to Whale Dynamic. The loan was interest-bearing at an annual rate of 3% and repayable within one year and was guaranteed by Mr. Chang Yufei. The loan repayment date was extended to 31 December 2024 according to a loan extension agreement entered into between Wuhan Yuanguang, Whale Dynamic and Mr. Chang Yufei on 15 March 2024. In December 2024 and March 2025, Whale Dynamic made two partial repayments of RMB100,000 and RMB409,000, respectively, to the Group. The aggregate loan and interest balance at 31 December 2024 amounted to RMB3,059,000, of which RMB2,659,000 were considered uncollectible.

On 30 August 2023, Wuhan Yuanguang and Luokai Cloud entered into a loan agreement pursuant to which Wuhan Yuanguang agreed to provide to Luokai Cloud a loan of RMB1,800,000, which was unsecured and interest-bearing at an annual rate of 6%. The entire loan and interest amount has been fully repaid in nine equal monthly installments between September 2023 and May 2024.

The staff advances were unsecured, interest-free and repayable in accordance with the terms stipulated in the respective loan agreement.

Other receivables comprised:

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Beijing Yuanfeng	4,386	3,386	3,386

The other receivables from Beijing Yuanfeng were attributable to the payments made by the Group on behalf of Beijing Yuanfeng. Full impairment provision was made against the outstanding amount amounting to RMB4,386,000 which was considered uncollectible at the end of 2022. There was a repayment of RMB1,000,000 in December 2023.

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The Group applies an expected credit loss model to evaluate the credit losses for financial assets included in prepayments, other receivables and other assets. The Group’s movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
At beginning of year	55	23,301	20,711
Impairment loss/(reversal of impairment loss), net (<i>note 6</i>)	23,246	(1,510)	2,489
Amount written off as loans capitalised to an investment in an associate	—	(1,080)	—
At end of year	<u>23,301</u>	<u>20,711</u>	<u>23,200</u>

The increase in the loss allowance for the year ended 31 December 2022 was due to the increase in the specific impairment provision made against the loans receivable from Beijing Yuanfeng and Beijing Jianwu, as well as other receivables from Beijing Yuanfeng. The decrease in the loss allowance for the year ended 31 December 2023 was due to the partial settlement of impaired loans receivable from Beijing Jianwu and other receivables from Beijing Yuanfeng, as well as capitalisation of a portion of loans receivable from Beijing Yuanfeng. The increase in the loss allowance for the year ended 31 December 2024 was due to the net effect of the partial settlement of impaired loans receivable from Beijing Jianwu and partial impairment made against the loan receivable of Whale Dynamics.

Company

	31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Prepayments	—	1,939	4,665
Other receivables	<u>26</u>	<u>19</u>	<u>54</u>
Total	<u>26</u>	<u>1,958</u>	<u>4,719</u>

20. FINANCIAL INVESTMENTS

Group

	31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Non-current:			
<i>Financial assets at fair value through profit or loss</i>			
Unlisted equity investments	2,998	3,496	5,282
Unlisted convertible debt investment	<u>—</u>	<u>—</u>	<u>1,000</u>
Subtotal.	<u>2,988</u>	<u>3,496</u>	<u>6,282</u>
<i>Equity investment designated at fair value through other comprehensive income</i>			
Listed equity investment	<u>—</u>	<u>—</u>	<u>8,960</u>
Total non-current financial investments	<u>2,988</u>	<u>3,496</u>	<u>15,242</u>

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	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current:			
<i>Financial assets at fair value through profit or loss</i>			
Structured deposits	50,158	40,092	43,079
Funds	3,386	—	—
Total current financial investments.	<u>53,544</u>	<u>40,092</u>	<u>43,079</u>

The Group’s unlisted equity investments comprised (i) a 30% ownership interest in a limited partnership as at 31 December 2022, 2023 and 2024 and (ii) a 20% equity interest in Beijing Jianwu as at 31 December 2022 and 2023 which has been reduced to 18% since January 2024. Both investee entities were registered in the PRC and the investments were held by a wholly-owned subsidiary of the Group. They were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

In respect of the Group’s investment in the limited partnership, the Group’s subsidiary is a limited partner in the limited partnership and is entitled to a profit sharing ratio of 37.5%. The sole purpose of establishing the limited partnership is originally to invest in a 4.50% equity interest of a specific unlisted company established in the PRC and the investment disposal decision is to be made at the sole discretion of the investment committee controlled by the general partner. The limited partnership’s equity interest in that unlisted company has since been diluted to 3.80%, 3.40% and 2.88% at 31 December 2022, 2023 and 2024, respectively. The Group has neither control/joint control nor significant influence over the limited partnership which is therefore classified as a financial asset at fair value through profit or loss.

In respect of the Group’s equity interest in Beijing Jianwu, its entire remaining equity interest is held by a single controlling shareholder who is also the sole director of the investee entity; and accordingly the Group considered that it has no significant influence over Beijing Jianwu which is therefore classified as a financial asset at fair value through profit or loss.

The Group’s unlisted convertible debt investment was a compound financial instrument, i.e., a loan with a conversion feature. The principal amount of the loan is RMB1,000,000, which is interest-bearing at 6% per annum and repayable at the second anniversary of the loan drawdown date. The investee entity was registered in the PRC and the investment was held by a wholly-owned subsidiary of the Group. The conversion feature of the debt investment allows its holder to convert the entire loan principal and interest amount, in whole or in part, into 5.0% equity interest of the investee entity during the loan period.

The Group’s listed equity investment designated at fair value through other comprehensive income was 150,000 ordinary shares (representing less than 0.1% equity interest) of BingEx Limited, an on-demand dedicated courier service provider operating in Mainland China and whose shares were listed on the National Association of Securities Dealers Automated Quotations, i.e., NASDAQ, on 4 October 2024. It was irrevocably designated at fair value through other comprehensive income as the Group considers such investment to be strategic in nature. The market value of the Group’s listed equity investment at the date of approval of the Historical Financial Information was RMB2,709,000.

The Group’s structured deposits were issued by commercial banks operating in Mainland China. The Group’s funds were money market funds purchased via a commercial bank in the United States of America. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

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Company

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current:			
<i>Equity investment designated at fair value through other comprehensive income</i>			
Listed equity investment	—	—	8,960
	==	==	==
Current:			
<i>Financial assets at fair value through profit or loss</i>			
Funds	3,386	—	—
	==	==	==

21. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

Group

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current:			
Cash and bank balances	48,354	49,811	56,306
Short-term deposits	—	5,700	—
	==	==	==
Cash and cash equivalents	48,354	55,511	56,306
	==	==	==
Non-current:			
Time deposits	—	30,000	30,000
	==	==	==

At the end of each of the Relevant Periods, the Group’s cash and bank balances, short-term deposits and time deposits denominated in RMB amounted to RMB47,968,000, RMB74,914,000 and RMB68,028,000 as at 31 December 2022, 2023 and 2024, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are placed for periods of five years and short-term deposits are available for withdrawals with seven-day notices in advance, depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates and short-term deposit rates. The bank balances, time deposits and short-term deposits are deposited with creditworthy banks with no recent history of default.

Company

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and bank balances	212	614	10,359
	==	==	==

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22. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of each of the Relevant Periods, based on the date of service received, is as follows:

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 3 months	3,337	2,670	6,118
4th to 12th months	1,774	1,046	870
13th to 24th months.	311	517	528
Over 24 months	—	—	348
Total	<u>5,422</u>	<u>4,233</u>	<u>7,864</u>

The accounts payable are non-interest-bearing and are normally settled within 90 days.

23. CONTRACT LIABILITIES

An analysis of contract liabilities arising from short-term advances received from customers is as follows:

	1 January	31 December		
	2022	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Mobile advertising services	389	69	327	197
Data technology services.	<u>3,430</u>	<u>396</u>	<u>805</u>	<u>242</u>
Total	<u>3,819</u>	<u>465</u>	<u>1,132</u>	<u>439</u>

The increase/decrease in contract liabilities during the Relevant Periods was mainly due to the increase/decrease in short-term advances received from customers in relation to data technology services at the end of the respective year.

24. OTHER PAYABLES AND ACCRUALS

Group

	Note	31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Payroll and welfare payables		9,688	15,151	13,177
Other tax payables		964	1,632	1,495
Interest payable on bank borrowings . . .		—	52	—
Interest payable on other borrowings . . .		2,435	—	—
Preferred shares repurchase consideration payable	26	—	12,000	—
Other payables		<u>1,962</u>	<u>9,635</u>	<u>16,808</u>
Total		<u>15,049</u>	<u>38,470</u>	<u>31,480</u>

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Other payables are non-interest-bearing and have an average term within one year. Preferred shares repurchase consideration payable was fully settled during the year ended 31 December 2024.

Company

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Payroll and welfare payables	–	2,000	1,097
Interest payable on other borrowings	2,435	–	–
Preferred shares repurchase consideration payable	–	12,000	–
Other payables	3	6,006	11,900
Total	<u>2,438</u>	<u>20,006</u>	<u>12,997</u>

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank borrowings, unsecured	15,000	30,000	–
Bank borrowings, secured	<u>9,000</u>	<u>10,000</u>	<u>30,000</u>
Subtotal – bank borrowings	24,000	40,000	30,000
Other borrowing, unsecured	<u>6,965</u>	<u>–</u>	<u>–</u>
Total	<u>30,965</u>	<u>40,000</u>	<u>30,000</u>

The Group’s interest-bearing bank borrowings are denominated in RMB and due to mature within one year from their respective end of the Relevant Periods. The Group’s other borrowing is an unsecured United States dollar-denominated loan due to one of the shareholding companies of the Company with significant influence over the Company, and has been fully repaid in June 2023.

All of the Group’s interest-bearing bank and other borrowings at the end of each of the Relevant Periods are charged interests with fixed rates, and accordingly the Group’s interest-bearing bank and other borrowings had no interest rate risk exposure. The effective interest rates of the Group’s interest-bearing bank and other borrowings at the end of each of the Relevant Periods are as follows:

	31 December		
	2022	2023	2024
	%	%	%
Bank borrowings, unsecured	3.90-4.35	2.35-3.45	–
Bank borrowings, secured	3.50-3.70	4.00	2.80-3.00
Other borrowing, unsecured	<u>10</u>	<u>–</u>	<u>–</u>

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The carrying amounts of the Group’s assets at the end of each of the Relevant Periods which are securities in relation to certain of the Group’s bank borrowings are as follows:

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Accounts receivable (floating charges)	15,000*	—	—
Patents	—	—**	—**
Total	<u>15,000</u>	<u>—</u>	<u>—</u>

* Included in the balance was a counter security of RMB10,000,000 provided to a third party guarantee company which was a guarantor of certain of the Group’s bank borrowings as at 31 December 2022.

** The securities of the Group’s bank borrowings as at 31 December 2023 and 2024 were certain self-developed intellectual property rights of which the corresponding costs have been charged to profit or loss as incurred.

In addition, the maximum amounts of guarantees at the end of the Relevant Periods provided by the major shareholder of one of the then Company’s shareholding companies with significant influences over the Company (which is a founder of the Group) in relation to certain of the Group’s bank borrowings are as follows:

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Personal guarantees	<u>30,000[#]</u>	<u>10,000</u>	<u>—</u>

[#] Included in the balance was a counter guarantee of RMB10,000,000 provided to a third party guarantee company which was a guarantor of certain of the Group’s bank borrowings as at 31 December 2022.

Company

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other borrowing, unsecured	<u>6,965</u>	<u>—</u>	<u>—</u>

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26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Preferred Shares are classified as financial liabilities at fair value through profit or loss. The following table summarises the Preferred Shares in issue by series during the Relevant Periods and as at the end of the Relevant Periods, after taking into consideration of the issuances of Preferred Shares by the Company prior to the Relevant Periods as the result of the certain share transactions entered into between the then shareholders/shareholding companies of the Company, as well as in exchange for the indirect control of Wuhan Yuanguang as part of the reorganisation to mirror the shareholding structure of Wuhan Yuanguang to the Company which was completed in 2015, details of which are set out in the section headed “History, Reorganisation and Corporate Structure” in the Document:

Name of preferred shares	Date of issuance	Number of preferred shares				
		at beginning of the Relevant Periods	issued/ (re-purchased) in 2023	at 31 December 2023 and 1 January 2024	issued/ (re-purchased) in 2024	at end of the Relevant Periods
Series Seed A [#]	20 October 2015	265,644	–	265,644	–	265,644
Series Seed B [#]	20 October 2015	2,152,352	–	2,152,352	–	2,152,352
Series A	20 October 2015	12,804,656	(7,737,758)	5,066,898	–	5,066,898
Series A-1	20 October 2015	5,466,404	–	5,466,404	–	5,466,404
Series B	20 October 2015	15,184,519	–	15,184,519	–	15,184,519
Series B1-1 [^]	29 January 2016	10,901,482	–	10,901,482	–	10,901,482
Series B1-2 [^]	29 January 2016	2,217,811	–	2,217,811	–	2,217,811
Series B1-3 [^]	29 January 2016	3,702,882	–	3,702,882	–	3,702,882
Series B1-4	29 January 2016	18,337,529	(1,967,041)	16,370,488	–	16,370,488
	24 January 2017	2,362,036	–	2,362,036	(708,611)	1,653,425
Series B1-5	17 June 2019	863,886	–	863,886	–	863,886
Series C	23 January 2024	–	–	–	1,601,448	1,601,448
Total		74,259,201	(9,704,799)	64,554,402	892,837	65,447,239

[#] Series Seed A preferred shares and Series Seed B preferred shares are collectively referred to as “Series Seed preferred shares”.

[^] Series B1-1 preferred shares, Series B1-2 preferred shares and Series B1-3 preferred shares are collectively referred to as “Junior B1 shares”.

For the year ended 31 December 2023, the Company and two preferred shareholders entered into share repurchase agreements pursuant to which the Company agreed to repurchase from the preferred shareholders 7,737,758 Series A preferred shares and 1,967,041 Series B1-4 preferred shares at USD774 (equivalent to RMB5,000) and RMB12,000,000, respectively, in December 2023, the carrying amounts of which are RMB31,564,000 and RMB17,638,000, respectively. In addition, there is a return of capital of Wuhan Yuanguang amounting to RMB15,000,000 to a registered owner of Wuhan Yuanguang which is a group company of one of the aforementioned preferred shareholders of the Company. The amount of RMB22,197,000, being the aggregate difference between the consideration amounts, including the share repurchase and capital return, and the carrying amounts of the preferred shares repurchased, is accounted for and recognised in capital reserve as this arrangement is deemed to be a capital transaction between the two preferred shareholders and the Company. According to the written resolutions of the shareholders of the Company in December 2023, same number of ordinary shares, i.e., 7,737,758 and 1,967,041, are additionally reserved for future issuance under the Company’s share-based incentive schemes.

For the year ended 31 December 2024, the Company and two shareholders entered into share repurchase agreements pursuant to which the Company agreed to repurchase from the shareholders in aggregate 708,611 Series B1-4 preferred shares and 892,837 ordinary shares at USD71 and USD89 (equivalent to an aggregate consideration of RMB1,000), respectively, in January 2024, the carrying amounts of which are RMB6,098,000 and RMB1,000, respectively. In addition, there is a return of capital of Wuhan Yuanguang amounting to RMB17,000,000 to two registered owners of Wuhan Yuanguang which are group companies of the two aforementioned shareholders of the Company. The amount of RMB10,818,000 being the difference between the consideration amounts, including the share repurchase and capital return, and the carrying amounts of the preferred shares and ordinary shares repurchased (including the corresponding foreign exchange adjustments), is accounted for and recognised in capital reserve. As

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part of the arrangement, the Company also issued in aggregate 1,601,448 Series C preferred shares to two investors with an aggregate consideration of USD2,603,794 (equivalent to RMB18,518,000), and the two shareholders transferred to the two investors an aggregate 1,653,425 Series B1-4 preferred shares at an aggregate consideration of USD165 (equivalent to RMB1,000).

According to the Company’s investors’ rights agreement and Memorandum and Articles of Association effective during the Relevant Periods, the key features of the Preferred Shares, namely dividend rights, liquidation rights, conversion rights, voting rights and redemption rights, are summarised as follows:

Dividend rights

Before a qualified [REDACTED] of ordinary shares of the Company (“Qualified [REDACTED]”, being the closing of a firm [REDACTED] of the ordinary shares of the Company in the United States or in a [REDACTED] of the ordinary shares of the Company in another jurisdiction which results in the ordinary shares of the Company [REDACTED] publicly on a recognised international securities exchange approved by the holders of at least 50% of the voting power of the then outstanding preferred shares (calculated on as-converted basis)), except for a liquidation distribution, no dividend or distribution, whether in cash, in property, or in any other shares of the Company, shall be declared, paid, set aside or made with respect to the ordinary shares of the Company at any time unless a dividend or distribution is likewise declared, paid, set aside or made, respectively, at the same time with respect to each outstanding preferred shares of the Company such that the dividend or distribution declared, paid, set aside or made to the holder thereof shall be equal to the dividend or distribution that such holder would have received if such preferred shares had been converted into ordinary shares. Except as provided above, the Company shall make dividend or distribution to all shareholders of the Company pro rata according to the relative number of ordinary shares held by such shareholder (including preferred shares on an as if converted basis).

When and if dividend or other distribution is declared, each holder of preferred shares shall be entitled to receive from the Company, out of funds legally available therefor, non-cumulative dividends per preferred share in the following preference and ranking: holder of Series C preferred shares, holder of Series B1-5 preferred shares and Series B1-4 preferred shares, Series B preferred shares, Series A-1 preferred shares, Series A preferred shares, Junior B1 shares, Series Seed preferred shares, ordinary shares, and any other series or class of shares of the Company.

Liquidation rights

In the event of any liquidation, dissolution or winding up of the Company, all assets and funds of the Company or any proceeds therefrom distributable with respect to any of the shares of the Company legally available for distribution to the shareholders (after satisfaction of all creditors’ claims and claims that may be preferred by law) shall be distributed to the shareholders of the Company as follows: liquidation price (being base price plus 10% compound interest on such base price) of Series C preferred shares, Series B1-4 preferred shares and Series B1-5 preferred shares, liquidation price of Series B preferred shares, liquidation price of Series A-1 preferred shares, base price of Series A preferred shares, base price of Junior B1 shares, difference between liquidation price and base price of Series A preferred shares, difference between liquidation price and base price of Junior B shares, and liquidation price of Series Seed preferred shares. If there are any assets or funds remaining after the payment of liquidation price of Series Seed preferred shares, the remaining assets and funds of the Company available for distribution shall be distributed ratably among all shareholders according to the relative number of shares held by such shareholder (on a fully diluted and as-converted basis).

The liquidations rights shall terminate on the consummation of a Qualified [REDACTED] according to the Fifth Amended and Restated Memorandum and Articles of Association of the Company adopted by a special resolution passed on 23 January 2024 (the “2024 M&A”).

Conversion rights

Each preferred share shall be convertible, at the option of the holder thereof or upon the conversion of a majority of the outstanding preferred shares, at any time after the issue date into such number of fully paid and non-assessable ordinary shares as determined by dividing the base price by the then effective conversion price. The conversion price shall as of the issue date initially be the base price, resulting in an initial conversion ratio for the preferred shares of 1:1, and thereafter shall be subject to adjustment and readjustment from time to time as hereinafter provided, being no less than par.

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Under an optional conversion arrangement of preferred shares, subject to the Companies Law of the Cayman Islands and the Memorandum and Articles of Association of the Company, any preferred share may, at the sole discretion of the holder thereof, be converted at any time after the issue date, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares based on the then effective conversion price. Under an automatic conversion arrangement of preferred shares, each preferred share shall automatically be converted, based on the then effective conversion price, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares upon the earlier of (i) the closing of a Qualified [REDACTED], or (ii) the date specified by written consent or agreement of the holders of at least 50% of Series A preferred shares, Series B preferred shares, Series B1-1 preferred shares, Series B1-2 preferred shares, Series B1-3 preferred shares and Series B1-4 preferred shares.

The conversion price shall be adjusted and re-adjusted, from time to time until a Qualified [REDACTED], for (a) share splits and combinations, (b) ordinary share dividends and distributions, (3) other dividends, and (4) reorganisation, mergers, consolidations, reclassification, exchange and substitution of the ordinary shares of the Company.

Subject to the Memorandum and Articles of Association of the Company and, the shareholders agree, to the investors' rights agreement, in the event the Company at any time or from time to time after the issue date of preferred shares shall issue any options or convertible securities or shall fix a record date for the determination of holders of any series or class of securities entitled to receive any such options or convertible securities, then the maximum number of ordinary shares issuable upon the exercise of such options or, in the case of convertible securities and options therefor, the conversion or exchange of such convertible securities or the exercise of such options, shall be deemed to be new securities issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date. In the event of an issuance of new securities, for a consideration per ordinary share received by the Company (net of any selling concessions, discounts or commissions) less than the base price for the preferred shares, then the respective conversion price in effect shall be reduced, concurrently with such issue, to a price equal to the price per share of such new securities.

Voting rights

At all general meetings of the Company: (a) the holder of each ordinary share issued and outstanding shall have one vote (number of votes was ten prior to the adoption of 2024 M&A) in respect of each ordinary share held by the founders and have one vote in respect of each ordinary share held by the shareholder other than the founders, and (b) the holder of a preferred share shall be entitled to such number of votes as equals the whole number of ordinary shares into which such holder's collective preferred shares are convertible.

The protective provisions of the voting rights shall terminate on the consummation of a Qualified [REDACTED] according to the 2024 M&A.

Redemption rights

Upon occurrence of any of the exit events, including the Company's failure to first submit the [REDACTED] application on or prior to 30 September 2024 and secure a Qualified [REDACTED] within 24 months after first submission of the [REDACTED] application (no deadline on submission of the [REDACTED] application and Qualified [REDACTED] date was 27 June 2022 prior to the adoption of 2024 M&A), the Company shall, at the written request (the "Redemption Notice") of any holder of preferred shares, redeem all or any portion of the outstanding preferred shares held by such holder, at a redemption price, on the sixtieth business day after the date of Redemption Notice.

The redemption price for each shareholder holding the Series C preferred shares, Series B1-5 preferred shares, Series B1-4 preferred shares, Series B1-3 preferred shares, Series B1-2 preferred shares, Series B1-1 preferred shares and Series B preferred shares shall be the higher of the following two:

- (i) the fair market value of the equity of the Company multiplied by a fraction, of which the numerator is the number of shares held by such shareholder (on a fully-diluted and as-converted basis) and the denominator is the total number of shares held by all the shareholders (on a fully-diluted and as-converted basis), plus all accrued or declared but unpaid dividends on the shares held by such shareholder (the unpaid dividends accrued in less than a fiscal year shall be calculated on a pro rata basis based on the actual days passed out of 365 days), and

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- (ii) the amount which respectively equals to the base price for the Series B preferred share plus a simple rate of 12% per annum on the applicable base price plus any declared but unpaid dividends on the shares held by such shareholder, the base price for the Series B1-1 preferred share, Series B1-2 preferred share, Series B1-3 preferred share and Series B1-4 preferred share plus a simple rate of 12% per annum on the applicable base price, the base price for the Series B1-5 preferred share plus a simple rate of 12% per annum on the applicable base price, and the base price for the Series C preferred share plus a simple rate of 6% per annum on the applicable base price.

The redemption price for each shareholder holding the Series A-1 preferred shares, Series A preferred shares and Series Seed preferred shares shall be equal to their respective liquidation price (being the amount of the base price of the preferred shares plus 10% compound interest on such base price accrued annually, plus all accrued or declared but unpaid dividends on such preferred share).

According to the 2024 M&A, (i) the redemption rights shall cease to be exercisable immediately prior to the first submission of the [REDACTED] application to the relevant stock exchange provided that the redemption rights shall automatically be restored and exercisable and in full force and effect upon the earliest to occur of (a) the withdrawal of such [REDACTED] application by the Company, (b) the rejection of such [REDACTED] application by the relevant stock exchange, or (c) that the Company fails to consummate a Qualified [REDACTED] within 24 months after the first submission of the [REDACTED] application to the relevant stock exchange; and (ii) there are no longer redemption events (including the Company’s failure to secure a Qualified [REDACTED] prior to the fifth anniversary of the issue date of the Series B1-5 preferred shares) in relation to the redemption of the preferred shares.

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The Group does not bifurcate any embedded derivatives from the Preferred Shares and has designated the entire instruments as financial liabilities at fair value through profit or loss. Subsequent to the initial recognition, the changes in fair value of the Preferred Shares are recognised in profit or loss except for the portion attributable to credit risk change which shall be recognised in other comprehensive income, of which the directors of the Company consider insignificant. The movements in the Preferred Shares during the Relevant Periods are as follows:

	Series Seed A	Series Seed B	Series A	Series A-1	Series B	Series B1-1	Series B1-2	Series B1-3	Series B1-4	Series B1-5	Series C	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	499	4,077	28,337	15,429	52,320	36,897	7,869	14,210	160,297	6,948	–	326,883
Fair value changes recognised in profit or loss	68	553	3,282	1,329	3,419	2,782	584	944	(3,002)	(142)	–	9,817
Foreign exchange adjustments	(13)	(100)	(686)	(368)	(1,237)	(876)	(186)	(336)	(3,631)	(156)	–	(7,589)
At 31 December 2021 and 1 January 2022	554	4,530	30,933	16,390	54,502	38,803	8,267	14,818	153,664	6,650	–	329,111
Fair value changes recognised in profit or loss	86	708	4,710	2,318	6,824	6,170	1,315	2,361	4,780	183	–	29,455
Foreign exchange adjustments	55	444	3,024	1,596	5,277	3,803	810	1,453	14,363	618	–	31,443
At 31 December 2022 and 1 January 2023	695	5,682	38,667	20,304	66,603	48,776	10,392	18,632	172,807	7,451	–	390,009
Repurchase of preferred shares	–	–	(31,564)	–	–	–	–	–	(17,638)	–	–	(49,202)
Fair value changes recognised in profit or loss	277	2,239	12,845	5,025	12,142	9,053	1,788	2,867	8,896	413	–	55,545
Foreign exchange adjustments	13	107	721	370	1,192	872	185	330	2,976	130	–	6,896
At 31 December 2023 and 1 January 2024	985	8,028	20,669	25,699	79,937	58,701	12,365	21,829	167,041	7,994	–	403,248

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	Series Seed A	Series Seed B	Series A	Series A-1	Series B	Series B1-1	Series B1-2	Series B1-3	Series B1-4	Series B1-5	Series C	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023												
and 1 January 2024 . . .	985	8,028	20,669	25,699	79,937	58,701	12,365	21,829	167,041	7,994	–	403,248
Issue of preferred												
shares	–	–	–	–	–	–	–	–	–	–	18,518	18,518
Repurchase of preferred												
shares	–	–	–	–	–	–	–	–	(6,098)	–	–	(6,098)
Fair value changes												
recognised in profit												
or loss	25	233	1,873	4,152	13,108	16,367	3,677	7,027	71	434	(3,999)	42,968
Foreign exchange												
adjustments	15	123	326	423	1,310	1,030	219	392	2,430	122	163	6,553
At 31 December 2024 . .	1,025	8,384	22,868	30,274	94,355	76,098	16,261	29,248	163,444	8,550	14,682	465,189

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The Company has engaged an independent valuer to determine the fair value of the Preferred Shares. The discounted cash flow method or the backsolve method of the market approach was used to determine the total equity value of the Group and then equity value allocation model based on the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing method, was adopted to determine the fair value of the Preferred Shares. The following table lists the key inputs used:

	31 December		
	2022	2023	2024
Discount rate	16.1%	N/A	14.5%
Risk-free interest rate	4.6%	4.2%	4.2%
Expected volatility	62.7%	56.6%	36.7%
Discount for lack of marketability	15.8%	14.7%	7.9%
Probability under:			
[REDACTED] scenario	40.0%	50.0%	55.0%
liquidation scenario	30.0%	25.0%	22.5%
redemption scenario	<u>30.0%</u>	<u>25.0%</u>	<u>22.5%</u>

Discount rate was estimated by weighted average cost of capital as of each valuation date. The Group estimated the risk-free interest rate based on the yield of the United States treasury bills with a maturity life close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the share prices of the comparable companies for a period from the respective valuation dates to expected liquidation dates. The discount for lack of marketability (“DLOM”) represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments. DLOM was estimated based on the Finnerty method.

Below is a summary of significant unobservable inputs to the fair values of the Preferred Shares together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods:

		Sensitivity of fair value to the inputs		
		31 December		
		2022	2023	2024
Sensitivity		RMB’000	RMB’000	RMB’000
Discount rate	1% increase	(18,858)	N/A	(23,055)
	1% decrease	21,565	N/A	26,477
Risk-free interest rate	0.5% increase	(385)	(507)	(1,143)
	0.5% decrease	448	561	798
Expected volatility	5% increase	(2,646)	(2,854)	(2,665)
	5% decrease	2,680	2,875	2,530
Discount for lack of marketability . .	5% increase	(22,643)	(23,274)	(24,801)
	5% decrease	22,643	23,274	24,801
Probability under [REDACTED] scenario	5% increase	(7,039)	(6,536)	(11,986)
	5% decrease	<u>7,039</u>	<u>6,536</u>	<u>11,986</u>

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27. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the Relevant Periods are as follows:

	Impairment of financial assets	Fair value adjustments of financial investments at fair value through profit or loss	Right-of- use assets	Lease liabilities	Losses available for offsetting against future taxable profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022.	8	(26)	(339)	248	25,333	25,224
Deferred tax credited/(charged) to profit or loss	<u>3,556</u>	<u>453</u>	<u>(421)</u>	<u>494</u>	<u>(2,759)</u>	<u>1,323</u>
At 31 December 2022 and 1 January 2023	3,564	427	(760)	742	22,574	26,547
Deferred tax credited/(charged) to profit or loss	<u>(389)</u>	<u>(65)</u>	<u>317</u>	<u>(324)</u>	<u>(2,895)</u>	<u>(3,356)</u>
At 31 December 2023 and 1 January 2024	3,175	362	(443)	418	19,679	23,191
Deferred tax credited/(charged) to profit or loss	<u>578</u>	<u>(543)</u>	<u>333</u>	<u>(314)</u>	<u>(4,448)</u>	<u>(4,394)</u>
At 31 December 2024	<u>3,753</u>	<u>(181)</u>	<u>(110)</u>	<u>104</u>	<u>15,231</u>	<u>18,797</u>

Deferred tax assets have not been recognised in respect of the following items:

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Tax losses:			
available within one to five years	1,924	2,071	1,267
available indefinitely.	<u>214</u>	<u>313</u>	<u>361</u>
Total	<u>2,138</u>	<u>2,384</u>	<u>1,628</u>

Tax losses arising in Mainland China will expire in one to five years for offsetting against future taxable profits, while tax losses arising in Hong Kong, subject to agreement by the Hong Kong Inland Revenue Department, are available indefinitely for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10%.

At the end of each of the Relevant Periods, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group’s subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled RMB12,656,000, RMB33,001,000 and RMB21,053,000 as at 31 December 2022, 2023 and 2024, respectively.

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There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

28. SHARE CAPITAL

The Company was incorporated with an authorised share capital of USD50,000 divided into 500,000,000 ordinary shares and preferred shares with a par value of USD0.0001 each. A summary of movements in the Company’s issued and fully paid ordinary shares during the Relevant Periods is as follows:

	<i>Notes</i>	Year ended 31 December		Year ended 31 December		Year ended 31 December	
		2022		2023		2024	
		Number of shares in issue	Share capital	Number of shares in issue	Share capital	Number of shares in issue	Share capital
			RMB’000		RMB’000		RMB’000
At beginning of year		34,980,147	22	34,980,147	22	46,971,135	30
Exercise of share options	(i)	–	–	11,990,988	8	–	–
Issue of shares	(ii)	–	–	–	–	28,895,000	21
Repurchase of shares	(iii)	–	–	–	–	(11,892,837)	(7)
At end of year		<u>34,980,147</u>	<u>22</u>	<u>46,971,135</u>	<u>30</u>	<u>63,973,298</u>	<u>44</u>

Notes:

- (i) During the year ended 31 December 2023, the subscription rights attaching to 11,990,988 share options were exercised at the subscription price of RMB0.01 per share (note 29), resulting in the issue of an aggregate 11,990,988 shares for a total cash consideration, before expenses, of RMB120,000, comprising share capital of RMB8,000 and share premium of RMB112,000. An amount of RMB12,413,000 was transferred from the share-based payment reserve to share premium upon the exercise of the share options.
- (ii) During the year ended 31 December 2024, a total of 28,895,000 ordinary shares of the Company at nil consideration were granted to certain directors and employees of the Group as share awards under the Pre-[REDACTED] Share Scheme, further details of which are set out in note 29 to the Historical Financial Information.
- (iii) During the year ended 31 December 2024, the Company purchased 892,837 ordinary shares at USD0.0001 per share for USD89 (equivalent to RMB1,000) from two shareholders, details of which are set out in note 26 to the Historical financial Information, and purchased 11,000,000 ordinary shares at USD0.15 per share for USD1,650,000 (equivalent to RMB11,703,000) from one shareholder. The purchased shares were cancelled and became authorised but unissued shares of the Company upon completion of the share purchase transaction. According to a written resolution of the shareholders of the Company, ordinary shares of 11,000,000 are additionally reserved solely for the purpose of future issuance under the employee share option plan or other equity incentive plan to be adopted by the Company from time to time. The excess of the repurchase consideration over the par value of the Company’s ordinary shares, amounting to RMB11,697,000, has been credited to the capital reserve.

The details of the Preferred Shares are set out in note 26 to the Historical Financial Information.

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29. SHARE-BASED PAYMENTS

2015 share incentive plan

The Company has a share incentive plan (the “2015 Share Incentive Plan”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the 2015 Share Incentive Plan include the directors, employees and consultants of the Company, holding companies and subsidiaries of the Company, and any business, corporation, partnership, limited liability company or other entity in which the Company, or any of its holding companies or subsidiaries holds a substantial ownership interest, directly or indirectly. The 2015 Share Incentive Plan became effective on 1 June 2015 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum aggregate number of shares which may be issued pursuant to the grant of share options, share appreciation rights, dividend equivalent rights, restricted shares, restricted share units or other rights or benefits under the 2015 Share Incentive Plan (collectively, the “Plan Award”) is 18,615,738 shares of the Company (proportionally adjusted to reflect any share dividends, share splits, or similar transactions). The 2015 Share Incentive Plan is administered by the board of directors of the Company, which has the authority, in its discretion, to select the employees, directors and consultants to whom the Plan Awards may be granted from time to time hereunder, to determine whether and to what extent the Plan Awards are granted hereunder, and to determine the number of shares or the amount of other consideration to be covered by each of the Plan Award granted hereunder.

Except as unanimously approved by the board of directors of the Company, share options to be issued to the grantees under the 2015 Share Incentive Plan are subject to a minimum four year vesting schedule calling for vesting no faster than the following, counting from the applicable grant date with respect to the total issued share options: 25% of the shares subject to the share option shall vest at the end of the first twelve months, with remaining portions vesting in annually installments over the next thirty six months.

The following share options were outstanding under the 2015 Share Incentive Plan during the Relevant Periods:

	Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2022		2023		2024	
	Weighted average exercise price per share	Number of options	Weighted average exercise price per share	Number of options	Weighted average exercise price per share	Number of options
	US\$	'000	US\$	'000	US\$	'000
At beginning of year	0.05	18,083	0.06	18,443	0.16	6,625
Granted during the year	0.32	360	0.32	173	–	–
Forfeited during the year	–	–	–	–	0.32	(81)
Exercised during the year	–	–	0.01	(11,991)	–	–
At end of year	0.06	18,443	0.16	6,625	0.16	6,544
Exercisable at end of year	0.05	17,604	0.15	6,182	0.16	6,370

The exercise periods, exercise prices and weighted average remaining contractual life of the share options outstanding, as well as the additional number of ordinary shares and amount of share capital when share options exercised in full, as at the end of each of the Relevant Periods are as follows:

Exercise period	Exercise price per share		Number of share options outstanding		
			31 December	31 December	31 December
			2022	2023	2024
	RMB	US\$	'000	'000	'000
2015/6/1 to 2025/5/31	–	–	267	267	267
2015/6/1 to 2025/5/31	0.01	–	5,219	–	–
2015/6/1 to 2025/5/31	–	0.01	415	415	415
2015/6/1 to 2025/5/31	–	0.16	3,088	3,088	3,088

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Exercise period	Exercise price per share		Number of share options outstanding		
			31 December	31 December	31 December
			2022	2023	2024
	RMB	US\$	'000	'000	'000
2015/12/1 to 2025/11/30	–	–	30	30	30
2015/12/1 to 2025/11/30	0.01	–	252	–	–
2015/12/1 to 2025/11/30	–	0.01	120	120	120
2015/12/1 to 2025/11/30	–	0.08	83	83	83
2015/12/1 to 2025/11/30	–	0.16	424	424	424
2017/1/31 to 2027/1/30	–	0.08	13	13	13
2017/1/31 to 2027/1/30	–	0.16	449	449	449
2017/12/31 to 2027/12/30	0.01	–	5,120	–	–
2017/12/31 to 2027/12/30	–	0.16	310	310	310
2018/9/30 to 2028/9/29	–	0.08	2	2	2
2018/9/30 to 2028/9/29	–	0.16	231	231	231
2018/9/30 to 2028/9/29	–	0.32	20	20	20
2019/9/30 to 2029/9/29	–	–	125	125	125
2019/9/30 to 2029/9/29	0.01	–	1,400	–	–
2019/9/30 to 2029/9/29	–	0.32	515	515	515
2022/12/31 to 2032/12/30	–	0.32	360	360	285
2023/9/1 to 2033/8/31	–	0.32	–	173	167
			<u>18,443</u>	<u>6,625</u>	<u>6,544</u>
Weighted average remaining contractual life of share options outstanding (years) . . .			3.92	2.88	1.62
Additional number of ordinary shares in issue when share options exercised in full ('000)			18,443	6,625	6,544
Additional amount of share capital and share premium when share options exercised in full (before issue expense and share-based payment expense) (RMB'000)			<u>7,529</u>	<u>7,617</u>	<u>7,543</u>

The fair value of share options granted and the amount of share-based payment expense during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
Fair value of share options granted:			
Total amount (RMB'000)	555	273	–
Per share amount (US\$)	0.22	0.22	–
Share-based payment expense (RMB'000) attributable to the share options granted in:			
current year	–	47	–
prior years	<u>396</u>	<u>434</u>	<u>178</u>
Total share-based payment expense (RMB'000) . .	<u>396</u>	<u>481</u>	<u>178</u>

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The discounted cash flow method or the backsolve method of the market approach was used to determine the total equity value of the Group and then equity allocation based on the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing method, was adopted to determine the fair value of ordinary shares. Based on the fair value of the underlying ordinary shares, the fair value of share options was estimated as at the date of grant using a binominal model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used to estimate the fair value of share options granted during the Relevant Periods:

	Year ended 31 December		
	2022	2023	2024
Dividend yield (%)	–	–	N/A
Expected volatility (%)	54	53	N/A
Risk-free interest rate (%)	3.88	4.18	N/A
Expected life of share options (year)	10	10	N/A
Weighted average share value (US\$/share)	<u>0.38</u>	<u>0.39</u>	<u>N/A</u>

The expected life of share options is based on the contract terms. The expected volatility is determined by using the average of historical volatilities of the share prices of the comparable companies, which may also not necessarily be the actual outcome. The risk-free interest rate is based on the yield of the United States treasury bills. No other feature of the share options granted was incorporated into the measurement of fair value.

Pre-[REDACTED] share scheme

The Company adopted a pre-[REDACTED] share scheme (the “Pre-[REDACTED] Share Scheme”) to encourage eligible participants, as determined by the board of directors of the Company or the scheme administrator, to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its shares. The Pre-[REDACTED] Share Scheme became effective on 1 April 2024 and, unless otherwise early terminated by the board of directors of the Company, will be valid and effective for 10 years commencing from the date immediately prior to the shares of the Company commence [REDACTED] on the Stock Exchange.

The total number of shares which may be issued pursuant to all share options and share awards (the “Scheme Awards”) to be granted under the Pre-[REDACTED] Share Scheme is 34,910,920 shares of the Company. The board of directors of the Company is responsible for administering the Pre-[REDACTED] Share Scheme in accordance with the rules set out relating to the Pre-[REDACTED] Share Scheme, and it may delegate the authority to administer the Pre-[REDACTED] Share Scheme to a committee of the board of directors of the Company or to any other person(s) deemed appropriate at the sole discretion of the board of directors of the Company. The board of directors of the Company or its aforementioned delegate(s) has the power to grant the Scheme Awards to those eligible participants and determine the terms and conditions, including but not limited to, number of Scheme Awards, issue price, exercise price, vesting dates, vesting criteria, performance targets, clawback arrangements and other conditions.

Except as unanimously approved by the board of directors of the Company, share options to be issued to the grantees under the Pre-[REDACTED] Share Scheme are subject to a minimum four year vesting schedule calling for vesting no faster than the following, counting from the applicable grant date with respect to the total issued share options: 25% of the shares subject to the share option shall vest at the end of the first twelve months, with remaining portions vesting in annually installments over the next thirty six months. Other shares, options or other securities or awards granted or issued under the Pre-[REDACTED] Share Scheme shall be granted or issued according to the Pre-[REDACTED] Share Scheme subject to the written consent of the holders of at least 50% of the voting power of the then outstanding preferred shares (calculated on as-converted basis) of the Company and the board of directors of the Company.

During the year ended 31 December 2024, a total of 28,895,000 share awards and 2,355,919 share options were granted to certain directors and employees of the Group in respect of their services to the Group, of which 35,000 share options were forfeited. All of the remaining share awards and share options remained unvested and were not exercisable at 31 December 2024. These share awards were issued at nil consideration and share options have exercise price of US\$0.32 per share. The fair values of share awards and share options were RMB99,598,000 (per share amount: US\$0.48) and RMB5,174,000 (per share amount: US\$0.31), respectively, and the corresponding share-based payment expense for the year ended 31 December 2024 was RMB18,102,000.

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The exercise periods of 814,375, 1,376,544 and 130,000 share options are from 1 April 2024 to 31 March 2034, from 1 November 2024 to 31 October 2034, and from 31 December 2024 to 30 December 2034, respectively, and the weighted average remaining contractual life of share options was 9.64 years as of 31 December 2024. At 31 December 2024, the exercise in full of the outstanding 2,320,919 share options would, under the present capital structure of the Company, result in the issue of 2,320,919 additional ordinary shares of the Company and additional share capital and share premium with an aggregate amount of RMB5,338,000 (before share issue expense and share-based payment expense).

The discounted cash flow method was used to determine the total equity value of the Group and then equity allocation based on the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing method, was adopted to determine the fair value of ordinary shares. Based on the fair value of the underlying ordinary shares, the fair value of share options was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the weighted average amounts of the inputs to the model used to estimate the fair value of share options granted during the year ended 31 December 2024:

	Year ended 31 December 2024
Expected volatility (%)	50
Risk-free interest rate (%)	4.37
Expected life of share options (year)	10
Weighted average share value (US\$/share)	<u>0.28</u>

The expected life of share options is based on the contract terms. The expected volatility is determined by using the historical volatility of the share price of the comparable companies, which may also not necessarily be the actual outcome. No other feature of the share options granted was incorporated into the measurement of fair value.

The fair value of share awards was determined based on the fair value of the ordinary shares.

Subsequent to the end of the Relevant Periods, a total of 309,500 share options with an exercise price of USD0.32 each were forfeited, and a total of 3,985,001 share options with an exercise price of USD0.32 each were granted.

At the date of approval of the Historical Financial Information, the Company had 12,540,170 share options outstanding under the 2015 Share Incentive Plan and the Pre-[REDACTED] Share Scheme, which represented 19.60% of the Company’s shares in issue as at that date.

30. RESERVES

Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve

Capital reserve represents (i) the capital amounts of Wuhan Yuanguang and Beijing Yuanguang, (ii) the excess of the carrying amounts of the ordinary and preferred shares over the par value of the Company’s shares issued in exchange therefor or over the repurchase consideration of the ordinary and preferred shares, as well as (iii) the capital contribution from or return to the registered owners of a subsidiary for the Group’s reorganisation.

(b) Share-based payment reserve

Share-based payment reserve is attributable to the fair value of options of the Company granted to the Group’s employees, as further explained in the accounting policy for share-based payment in note 2.3 to the Historical Financial Information.

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(c) Statutory reserves

Statutory reserve represents the amounts set aside from the retained profits by certain subsidiaries established in the PRC and is not distributable as dividend. In accordance with the relevant regulations, the Company’s subsidiaries established in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to legal reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to loans, advances, or cash dividends.

Company

	Share premium	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 . . .	–	13,706	14,398	–	15,894	(210,951)	(166,953)
Loss for the year . . .	–	–	–	–	–	(30,157)	(30,157)
Other comprehensive loss for the year:							
Exchange differences on translation of the Company . . .	–	–	–	–	(16,494)	–	(16,494)
Total comprehensive loss for the year . . .	–	–	–	–	(16,494)	(30,157)	(46,651)
Equity-settled share-based payment arrangements	–	–	396	–	–	–	396
At 31 December 2022 and 1 January 2023 . .	–	13,706	14,794	–	(600)	(241,108)	(213,208)
Loss for the year . . .	–	–	–	–	–	(67,971)	(67,971)
Other comprehensive loss for the year:							
Exchange differences on translation of the Company . . .	–	–	–	–	(3,959)	–	(3,959)
Total comprehensive loss for the year . . .	–	–	–	–	(3,959)	(67,971)	(71,930)
Issue of shares	12,525	–	(12,413)	–	–	–	112
Repurchase of shares . .	–	22,197	–	–	–	–	22,197
Equity-settled share-based payment arrangements	–	–	481	–	–	–	481
At 31 December 2023 .	<u>12,525</u>	<u>35,903</u>	<u>2,862</u>	<u>–</u>	<u>(4,559)</u>	<u>(309,079)</u>	<u>(262,348)</u>

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	Share premium	Capital reserve	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023 and 1 January 2024	12,525	35,903	2,862	–	(4,559)	(309,079)	(262,348)
Loss for the year	–	–	–	–	–	(63,005)	(63,005)
Other comprehensive loss for the year:							
Exchange differences on translation of the Company	–	–	–	–	(4,705)	–	(4,705)
Fair value loss on an equity investment designated at fair value through other comprehensive income	–	–	–	(8,749)	–	–	(8,749)
Total comprehensive loss for the year	–	–	–	(8,749)	(4,705)	(63,005)	(76,459)
Repurchase of shares	–	(22,515)	–	–	–	–	(22,515)
Equity-settled share-based payment arrangements	–	–	18,280	–	–	–	18,280
At 31 December 2024	12,525	13,388	21,142	(8,749)	(9,264)	(322,084)	(343,042)

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Additions to right-of-use assets and lease liabilities	5,390	492	463
Capitalisation of loans receivable into an investment in an associate	–	1,080	–

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(b) Changes in liabilities arising from financing activities

Lease liabilities

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	1,651	4,947	2,789
Changes from financing cash flows	(1,795)	(2,485)	(2,179)
New leases	5,390	492	463
Interest expenses	236	172	58
COVID-19-related rent concessions from lessors	(299)	–	–
Revision of lease payments	–	(165)	213
Interest paid classified as operating cash flows	(236)	(172)	(58)
At end of year	<u>4,947</u>	<u>2,789</u>	<u>1,286</u>

Interest-bearing bank and other borrowings

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	36,361	30,965	40,000
Changes from financing cash flows	(5,985)	9,101	(10,000)
Effect of foreign exchange rate changes, net.	589	(66)	–
At end of year	<u>30,965</u>	<u>40,000</u>	<u>30,000</u>

Interests payable included in other payables and accruals

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	1,591	2,435	52
Changes from financing cash flows	(1,189)	(4,111)	(1,341)
Interest expenses	1,861	1,723	1,289
Effect of foreign exchange rate changes, net.	172	5	–
At end of year	<u>2,435</u>	<u>52</u>	<u>–</u>

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within operating activities.	319	200	205
Within financing activities.	<u>1,795</u>	<u>2,485</u>	<u>2,179</u>
Total	<u>2,114</u>	<u>2,685</u>	<u>2,384</u>

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32. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed in notes 1, 19 and 25 to the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Entities controlled by the Company's shareholding companies with significant influences over the Company			
Provision of mobile advertising services	6,998	14,477	2,230
Provision of data technology services	14,377	—	—
Cloud storage service fee charges	230	152	29
Entity controlled by the major shareholder of the Company's shareholding companies with significant influences over the Company (which is a founder of the Group)			
Consultancy service fee charges	931	525	—
Associates			
Provision of IT solution and other services . . .	2,347	1,102	189
Company's shareholding company with significant influences over the Company			
Interest expenses	672	224	—

The above transactions were conducted in accordance with the terms and conditions mutually agreed by the parties involved.

In addition, on 28 January 2023, Wuhan Yuanguang and Ms. QIAN Jinlei entered into a loan agreement pursuant to which Wuhan Yuanguang agreed to provide a loan to Ms. QIAN Jinlei amounting to RMB2,000,000 which is also the maximum amount outstanding in 2023. The loan was unsecured, interest-free and fully paid in September 2023.

- (b) Outstanding balances with related parties

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Entities controlled by the Company's shareholding companies with significant influences over the Company			
Accounts receivable	18,699	21,254	—
Prepayments	67	61	—
Entity controlled by the major shareholder of the Company's shareholding companies with significant influences over the Company (which is a founder of the Group)			
Other payables	450	—	—
Associates			
Accounts receivable	488	620	—*
Other payables	300	—	—
Company's shareholding company with significant influences over the Company			
Other borrowings	6,965	—	—
Interest payable	2,435	—	—

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- * The gross amount of an account receivable of an associate as at 31 December 2024 was RMB805,000, which was fully provided for during the year ended 31 December 2024.

Prepayments were made to an entity controlled by the Company’s shareholding companies with significant influences over the Company for the cloud storage services. Other payable to an entity controlled by the major shareholder of the Company’s shareholding companies with significant influences over the Company (which is a founder of the Group) was attributable to the consultancy service fee charges. Other payable to an associate was the unpaid amount of capital contribution. Details of accounts receivable, other borrowings and interest payable with related parties are included in notes 18, 25 and 24 to the Historical Financial Information. The balances with related parties are trade in nature, except for the other borrowings and interest payable with the Company’s shareholding company with significant influences over the Company which are non-trade in nature.

(c) Compensation of key management personnel of the Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Short-term employee benefits	3,149	6,340	7,090
Equity-settled share-based payment expense	—	—	11,925
Post-employment benefits	139	188	205
Total	<u>3,288</u>	<u>6,528</u>	<u>19,220</u>

Further details of directors’ and the chief executive’s emoluments are included in note 8 to the Historical Financial Information.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

As at 31 December 2022

	Financial assets at fair value through other comprehensive income – equity investments	Financial assets at fair value through profit or loss – mandatorily designated as such	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Accounts receivable	—	—	35,696	35,696
Financial assets included in prepayments, other receivables and other assets	—	—	1,440	1,440
Financial investments	—	56,542	—	56,542
Cash and cash equivalents	—	—	48,354	48,354
Time deposits	—	—	—	—
Total	<u>—</u>	<u>56,542</u>	<u>85,490</u>	<u>142,032</u>

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As at 31 December 2023

	Financial assets at fair value through other comprehensive income – equity investments	Financial assets at fair value through profit or loss – mandatorily designated as such	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Accounts receivable	–	–	46,724	46,724
Financial assets included in prepayments, other receivables and other assets	–	–	5,489	5,489
Financial investments	–	43,588	–	43,588
Cash and cash equivalents	–	–	55,511	55,511
Time deposits	–	–	30,000	30,000
Total	–	43,588	137,724	181,312

As at 31 December 2024

	Financial assets at fair value through other comprehensive income – equity investments	Financial assets at fair value through profit or loss – mandatorily designated as such	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Accounts receivable	–	–	33,659	33,659
Financial assets included in prepayments, other receivables and other assets	–	–	1,943	1,943
Financial investments	8,960	49,361	–	58,321
Cash and cash equivalents	–	–	56,306	56,306
Time deposits	–	–	30,000	30,000
Total	8,960	49,361	121,908	180,229

Financial liabilities

As at 31 December 2022

	Financial liabilities at fair value through profit or loss – designated as such upon initial recognition	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Accounts payable	–	5,422	5,422
Financial liabilities included in other payables and accruals	–	4,397	4,397
Interest-bearing bank and other borrowings	–	30,965	30,965
Lease liabilities	–	4,947	4,947
Financial liabilities at fair value through profit or loss	390,009	–	390,009
Total	390,009	45,731	435,740

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As at 31 December 2023

	Financial liabilities at fair value through profit or loss – designated as such upon initial recognition	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Accounts payable	–	4,233	4,233
Financial liabilities included in other payables and accruals	–	21,687	21,687
Interest-bearing bank and other borrowings	–	40,000	40,000
Lease liabilities	–	2,789	2,789
Financial liabilities at fair value through profit or loss.	403,248	–	403,248
Total	<u>403,248</u>	<u>68,709</u>	<u>471,957</u>

As at 31 December 2024

	Financial liabilities at fair value through profit or loss – designated as such upon initial recognition	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Accounts payable	–	7,864	7,864
Financial liabilities included in other payables and accruals	–	16,808	16,808
Interest-bearing bank and other borrowings	–	30,000	30,000
Lease liabilities	–	1,286	1,286
Financial liabilities at fair value through profit or loss.	465,189	–	465,189
Total	<u>465,189</u>	<u>55,958</u>	<u>521,147</u>

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group’s financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial assets

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial investments			
Carrying amounts.	56,542	43,588	58,321
Fair values	<u>56,542</u>	<u>43,588</u>	<u>58,321</u>
Non-current portion of financial assets included in prepayments, other receivables and other assets			
Carrying amounts.	960	316	163
Fair values	<u>951</u>	<u>294</u>	<u>157</u>
Non-current time deposits			
Carrying amounts.	–	30,000	30,000
Fair values	<u>–</u>	<u>30,190</u>	<u>30,027</u>

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Financial liabilities

	31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss			
Carrying amounts	390,009	403,248	465,189
Fair values	<u>390,009</u>	<u>403,248</u>	<u>465,189</u>

Management has assessed that the fair values of cash and cash equivalents, accounts receivable, accounts payable, current portion of financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group’s senior management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the senior management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of structured deposits included in financial investments have been estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks, and the fair values of funds included in financial investments are based on their respective unadjusted quoted prices in active markets.

The fair values of an unlisted equity investment and an unlisted debt investment with a conversion feature included in financial investments have been estimated using a market-based valuation technique, a binominal model and/or discounted cash flow model based on assumptions that are not supported by observable market prices or rates. The valuation requires that directors to determine comparable public companies (peers) based on industry and to calculate an enterprise price-to-sales (“Price/Sales”) multiple for each comparable companies identified. The multiple is calculated by dividing the enterprise value of the comparable company by the sales amount. The multiple is then discounted for considerations such as illiquidity. The fair values determined based on the discounted cash flow model are based on expected future cash flows discounted using current market rates after considering entity-specific risks. The directors believe that the estimated fair values resulting from Price/Sales multiple and discounted cash flows, which are recorded in the consolidated statement of financial position, and the related changes in fair value, which is recorded in profit or loss, are reasonable and are the most appropriate values.

The fair values of the underlying unlisted equity investment held by the Group’s interest in a limited partnership included in financial investments at fair value through profit or loss have been determined using the backsolve method of the market approach, together with the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing method, for equity allocation purpose. Such valuations are then used in determining the fair values of the Group’s interest in a limited partnership using an asset-based approach.

The fair value of a listed equity investment included in financial investments is based on a quoted market price.

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets as well as non-current time deposits have been calculated by discounting the expected future cash flows using current market rates of instruments with similar terms and risk.

The details of the methods and assumptions used to estimate the fair values of the Preferred Shares and a quantitative sensitivity analysis are set out in note 26 to the Historical Financial Information.

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Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group’s financial assets:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
<i>Financial assets measured at fair value</i>				
Financial investments				
31 December 2022	3,386	50,158	2,998	56,542
31 December 2023	–	40,092	3,496	43,588
31 December 2024	<u>8,960</u>	<u>43,079</u>	<u>6,282</u>	<u>58,321</u>
<i>Financial assets for which fair values are disclosed</i>				
Non-current portion of financial assets included in prepayments, other receivables and other assets				
31 December 2022	–	951	–	951
31 December 2023	–	294	–	294
31 December 2024	<u>–</u>	<u>157</u>	<u>–</u>	<u>157</u>
Non-current time deposits				
31 December 2022	–	–	–	–
31 December 2023	–	30,190	–	30,190
31 December 2024	<u>–</u>	<u>30,027</u>	<u>–</u>	<u>30,027</u>

The movements in fair value movements of unlisted investments included in financial investments at fair value through profit or loss within Level 3 during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
At beginning of year	3,000	2,998	3,496
New investments	3,000	–	2,500
Investment income	–	–	122
Fair value gains/(losses) recognised in profit or loss.	(3,002)	498	1,803
Partial disposal/maturity of investments	<u>–</u>	<u>–</u>	<u>(1,639)</u>
At end of year	<u>2,998</u>	<u>3,496</u>	<u>6,282</u>

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Below is a summary of significant unobservable inputs to the valuation of unlisted investments together with a quantitative sensitivity analysis summarised below:

	Year end date	Significant unobservable inputs	Value	Increase/ (decrease) in input %	Increase/ (decrease) in fair value RMB'000
Unlisted equity investment	31 December 2022	Price/Sales multiple of peers	0.91 – 5.28	5	36
				(5)	(31)
		DLOM	26%	5	(50)
	31 December 2023			(5)	50
		Price/Sales multiple of peers	0.42 – 5.59	5	34
				(5)	(40)
	31 December 2024	DLOM	27%	5	(58)
				(5)	58
		Price/Sales multiple of peers	0.38 – 7.08	5	60
Interest in a limited partnership	31 December 2022			(5)	(72)
		DLOM	24%	5	(119)
	31 December 2023			(5)	119
		Recent transaction price per share	RMB17.5	5	57
	31 December 2024			(5)	(57)
		Recent transaction price per share	RMB28.9	5	95
Unlisted convertible debt investment	31 December 2024			(5)	(95)
		Recent transaction price per share	RMB50.6	5	168
		Discount rate	5.3%	(5)	(182)
				0.5	(8)
				(0.5)	8

The following table illustrates the fair value measurement hierarchy of the Group’s financial liabilities:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Financial liabilities measured at fair value</i>				
Financial liabilities at fair value through profit or loss				
31 December 2022	–	–	390,009	390,009
31 December 2023	–	–	403,248	403,248
31 December 2024	–	–	465,189	465,189
	=	=	=	=

The movements in fair value measurements of financial liabilities at fair value through profit or loss, i.e., the Preferred Shares, within Level 3 during the Relevant Periods are set out in note 26 to the Historical Financial Information.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and short-term deposits and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Accounts receivable*	—	—	—	36,158	36,158
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,440	—	—	—	1,440
– Doubtful**	—	—	23,301	—	23,301
Cash and cash equivalents	48,354	—	—	—	48,354
Time deposits	—	—	—	—	—
Total	49,794	—	23,301	36,158	109,253

As at 31 December 2023

	12-month ECLs	Lifetime			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Accounts receivable*	—	—	—	47,186	47,186
Financial assets included in prepayments, other receivables and other assets					
– Normal**	5,489	—	—	—	5,489
– Doubtful**	—	—	20,711	—	20,711
Cash and cash equivalents	55,511	—	—	—	55,511
Time deposits	30,000	—	—	—	30,000
Total	91,000	—	20,711	47,186	158,897

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As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Accounts receivable*	–	–	–	35,487	35,487
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,543	–	–	–	1,543
– Doubtful**	–	–	23,600	–	23,600
Cash and cash equivalents	56,306	–	–	–	56,306
Time deposits	30,000	–	–	–	30,000
Total	<u>87,849</u>	<u>–</u>	<u>23,600</u>	<u>35,487</u>	<u>146,936</u>

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the Historical Financial Information, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from accounts receivable are disclosed in note 18 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. At the end of each of the Relevant Periods, the Group had certain concentrations of credit risks and the following table summarises the Group’s largest debtor and top five debtors as the percentage of the Group’s total accounts receivable balances:

	31 December		
	2022	2023	2024
	%	%	%
Largest debtor	33	26	19
Top five debtors	<u>73</u>	<u>70</u>	<u>67</u>

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2022

	On demand or less than one year	In the second to fifth years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Accounts payable	5,422	–	5,422
Financial liabilities included in other payables and accruals	4,397	–	4,397
Interest-bearing bank and other borrowings	33,843	–	33,843
Lease liabilities	2,687	2,495	5,182
Financial liabilities at fair value through profit or loss.	496,077	–	496,077
Total	<u>542,426</u>	<u>2,495</u>	<u>544,921</u>

As at 31 December 2023

	On demand or less than one year	In the second to fifth years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Accounts payable	4,233	–	4,233
Financial liabilities included in other payables and accruals	21,687	–	21,687
Interest-bearing bank and other borrowings	41,451	–	41,451
Lease liabilities	2,666	171	2,837
Financial liabilities at fair value through profit or loss.	504,489	–	504,489
Total	<u>574,526</u>	<u>171</u>	<u>574,697</u>

As at 31 December 2024

	On demand or less than one year	In the second to fifth years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Accounts payable	7,864	–	7,864
Financial liabilities included in other payables and accruals	16,808	–	16,808
Interest-bearing bank and other borrowings	30,629	–	30,629
Lease liabilities	1,176	120	1,296
Financial liabilities at fair value through profit or loss.	602,978	–	602,978
Total	<u>659,455</u>	<u>120</u>	<u>659,575</u>

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Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes accounts payable, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents and non-current time deposits. Capital includes the Preferred Shares included in financial liabilities at fair value through profit or loss and equity. At the end of each of the Relevant Periods, the gearing ratios are as follows:

	31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Accounts payable	5,422	4,233	7,864
Financial liabilities included in other payables and accruals	4,397	21,687	16,808
Interest-bearing bank and other borrowings	30,965	40,000	30,000
Lease liabilities	4,947	2,789	1,286
Less: cash and cash equivalents	48,354	55,511	56,306
non-current time deposits	–	30,000	30,000
Net debt	(2,623)	(16,802)	(30,348)
Financial liabilities at fair value through profit or loss	390,009	403,248	465,189
Equity	(261,674)	(266,182)	(312,092)
Adjusted capital	128,335	137,066	153,097
Capital and net debt	125,712	120,264	122,749
Gearing ratio*	N/A	N/A	N/A

* As at 31 December 2022, 2023 and 2024, the Group’s cash and cash equivalents and non-current time deposits exceeded aggregated amounts of accounts payable, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and lease liabilities. As such, no gearing ratio was presented.

36. EVENTS AFTER THE RELEVANT PERIODS

Subsequent to the end of the Relevant Periods, there were forfeiture and grant of share options, details of which are set out in note 29 to the Historical Financial Information.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2024.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN COMPANIES ACT

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on [●] and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Cayman Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed “Documents Delivered to the Registrar of Companies and Available on Display”.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on [●] and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The authorized share capital of the Company at the date of adoption of the Articles is [●] divided into [●] shares of [●] each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Cayman Companies Act and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Cayman Companies Act and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

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(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Cayman Companies Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Cayman Companies Act and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member

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or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity 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 any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (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 any of his close associates 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:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

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- (B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both 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 any of his close associates, as such 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 any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, 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 amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. 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.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

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(h) Retirement, appointment and removal

The number of Directors shall not be less than two.

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director).

The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after this appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors and which Directors who are to retire by rotation at such meeting.

No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors. The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

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- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (vi) if he is removed from office by a notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. 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.

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2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so

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that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares ratably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled subject to the provisions of the Cayman Companies Act; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Cayman Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Cayman Companies Act.

2.6 Special resolution -majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Cayman Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution signed by all members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly appointed representatives), and any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member to sign.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

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2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

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.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any meeting of the Company (including general meeting and creditors meeting of the Company) or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant

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to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

All members for the time being entitled to receive notice of and to attend and vote at general meetings (or, in the case of a member being a corporation, its duly authorised representative), shall have the right to speak at any general meetings of the Company.

2.8 Annual general meetings and extraordinary general meetings

The Company must hold a general meeting as its annual general meeting each financial year. Such meeting must be held within six months after the end of the Company's financial year. The annual general meeting shall be specified as such in the notices calling it.

Extraordinary general meetings may be convened on the requisition of one or more shareholders (or any one member which is a recognized clearing house (or its nominee(s)) holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Cayman Companies Act.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Cayman Companies Act or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a statement of financial position as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual

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general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The appointment, removal and remuneration of an auditor or auditors of the Company shall require the approval of an ordinary resolution of the members in general meeting. The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting and fix the remuneration of such auditor(s) being appointed. The removal of any auditor before the expiration of his period of office shall be approved at a general meeting; and the members shall at that meeting appoint new auditor in its place for the remainder of the term.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 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 shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) 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, being a majority together holding not less than 95% in nominal value of the shares giving that right.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

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The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may, in its absolute discretion, and without assigning any reason, refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favor of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (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).

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2.12 Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Act and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as canceled upon the repurchase. The holder of the shares being purchased shall be bound to deliver up to the Company at its principal place of business in Hong Kong or such other place as the Directors shall specify the certificate(s) thereof, if any, for cancellation and thereupon the Company shall pay to him the purchase or redemption monies in respect thereof.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Cayman Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

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The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company 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 Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. 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.

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Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend may be paid or declared, the Directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking

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of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

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If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (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).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman which shall not be treated as part of the business of the meeting.

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Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

Subject to the Cayman Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Cayman Companies Act, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Cayman Companies Act, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

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2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Cayman Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Cayman Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Cayman Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 May 2015 under the Cayman Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3 Share Capital

The Cayman Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

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The Cayman Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account." At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Cayman Companies Act provides that the share premium account may be applied by a 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:

- (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) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Act);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Cayman Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a

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company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Cayman Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands 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.

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Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Cayman Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Cayman Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Cayman Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

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10 Inspection of Books and Records

Members of a company will have no general right under the Cayman Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Cayman Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Cayman Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Cayman Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette.

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Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (i) a majority in number representing 75% in value of creditors, or (ii) a majority of 75% in value of shareholders or class of shareholders, as the case may be, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 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% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

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17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, ratably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company;
or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

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 certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

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20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act, 2018 (“**ES Law**”) that came into force on 1 January 2019, a “relevant entity” is required to satisfy the economic substance test set out in the ES Law. A “relevant entity” includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, if an exempted company incorporated in the Cayman Islands is tax resident outside the Cayman Islands, it will not be required to satisfy the economic substance test set out in the ES Law.

22 General

Campbells, the Company’s legal advisors on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Act, is available for inspection as referred to in the section headed “Documents Delivered to the Registrar of Companies and Available on Display” in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

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A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated under the Cayman Companies Act on May 21, 2015 as an exempted company with limited liability. Our registered office is located at the offices of ICS Corporate Services (Cayman) Limited of 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands.

Our Company has established a place of business in Hong Kong at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance. Ms. Sham Ying Man (岑影文) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong under Part 16 of the Companies Ordinance. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As we were incorporated in the Cayman Islands, our corporate structure and Memorandum and Articles of Association are subject to relevant laws and regulations of the Cayman Islands. A summary of relevant laws and regulations of the Cayman Islands and the Memorandum and Articles of Association is set out in the section headed “Appendix III — Summary of the Constitution of the Company and Cayman Companies Act” in this Document.

2. Changes in the Share Capital of Our Company

On May 21, 2015, being the date of incorporation of our Company, our authorized share capital was US\$50,000, divided into 500,000,000 ordinary shares of a par value of US\$0.0001 each.

Save as disclosed herein and in “History, Reorganization and Corporate Structure,” there has been no alteration in the share capital of our Company during the two years preceding the date of this Document.

Immediately prior to the [REDACTED] and pursuant to the Memorandum of Association, each Preferred Share will be re-classified and re-designated into one Share.

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3. Changes in the Share Capital of Our Subsidiaries and the Consolidated Affiliated Entities

The following sets out the alterations in the share capital of our subsidiaries and Consolidated Affiliated Entities within the two years immediately preceding the date of this Document:

- (a) On January 22, 2024, the registered capital of Wuhan Yuanguang was decreased from RMB1,699,271 to RMB745,452.
- (b) On January 26, 2024, the registered capital of Wuhan Yuanguang was increased from RMB745,452 to RMB784,686.
- (c) On January 29, 2024, the registered capital of Wuhan Yuanguang was increased from RMB784,686 to RMB1,490,904.
- (d) On May 15, 2024, the registered capital of Beijing Yuanguang was decreased from RMB6,000,000 to RMB100,000.
- (e) On July 25, 2024, the registered capital of Beijing WFOE was decreased from USD48,000,000 to USD42,000,000.
- (f) On November 11, 2024, the registered capital of Wuhan Yuanguang was increased from RMB1,490,904 to RMB15,000,000.
- (g) On February 10, 2025, the registered capital of Wuhan Yuanguang was increased from RMB15,000,000 to RMB16,010,904.

Save as disclosed above, there has been no alteration in the share capital of any of our subsidiaries or the Consolidated Affiliated Entities within the two years immediately preceding the date of this Document.

4. Resolutions Passed by our Shareholders of the Company

Resolutions of our Shareholders were passed on [●], pursuant to which, among others, conditional upon the conditions of the [REDACTED] (as set out in this Document) being fulfilled or waived:

- (a) the Memorandum and the Articles were approved and adopted effective conditional on and immediately prior to the [REDACTED] on the [REDACTED];
- (b) the [REDACTED] and [REDACTED] were approved, and our Directors were authorised to negotiate and agree the [REDACTED] and to allot and issue the [REDACTED] Shares;

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- (c) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options which would or might require Shares to be allotted, issued or dealt with, otherwise than pursuant to the [REDACTED] or pursuant to a right issue or pursuant to the exercise of any subscription rights attaching to any warrants or any option scheme or similar arrangement which may be allotted and issued by our Company from time to time on a specific authority granted by the Shareholders in general meeting or, pursuant to the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, Shares not exceed 20% of the aggregate number of issued Shares (excluding treasury shares) immediately following completion of the [REDACTED], such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever is the earliest. References to an allotment, issue, and [REDACTED] of Shares or securities herein shall include a sale or transfer of treasury shares;
- (d) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase its own Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be [REDACTED] and which is recognized by the SFC and the Stock Exchange for this purpose in accordance with all applicable laws and the requirements of the Listing Rules and of any other stock exchange (as applicable), such number of Shares will represent up to 10% of the number of the Shares in issue (excluding treasury shares) immediately following the completion of the [REDACTED], such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first;
- (e) the general mandate as mentioned in paragraph (c) above be extended by the addition to the number of Shares which may be allotted, issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of the number of Shares to be repurchased by the Company pursuant to the Repurchase Mandate referred to in paragraph (d) above; and
- (f) immediately prior to the [REDACTED], each Preferred Share will be re-classified and re-designated into one Share on a one-to-one basis.

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5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Document concerning the repurchase of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders’ Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on [●], 2025, the Repurchase Mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase its own Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be [REDACTED] and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares will represent up to 10% of the number of the Shares in issue (excluding treasury shares) immediately following the completion of the [REDACTED], such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first.

(ii) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

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(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 10% of the aggregate number of shares in issue (excluding treasury shares). A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically canceled and the relevant certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless the Directors resolve to hold the Shares purchased by our Company as treasury Shares prior to the purchase, Shares purchased by our Company shall be treated as canceled and the amount of our Company’s issued share capital shall be diminished by the nominal value of those Shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Islands law. The Company will in the future publish announcements (including but without limitation, any next day disclosure return) which shall identify, amongst others, the number of repurchased Shares that are to be held in treasury or cancelled upon settlement of such repurchases. The [REDACTED] of all Shares which are held as treasury shares will be retained. The Company will ensure that treasury shares are appropriately identified and segregated. For any treasury shares deposited with [REDACTED] pending resale on the Stock Exchange, the Company will ensure that it would not exercise any shareholders’ rights or receive any entitlements which would otherwise be suspended under the relevant laws if those shares were registered in the Company’s own name as treasury shares by, including but not limited to, obtaining an approval by the Board that (i) the Company should procure its broker not to give any instructions to [REDACTED] to vote at general meetings for the treasury shares deposited with [REDACTED]; and (ii) in the case of dividends or distributions, the Company should withdraw the treasury shares from [REDACTED], and either re-register them in its own name as treasury shares or cancel them, in each case before the record date for the dividends or distributions. The [REDACTED] of all Shares which are purchased by the Company (whether on the Stock Exchange or otherwise) but not held as treasury shares shall be cancelled upon repurchase. The Company shall ensure that the documents of title of these repurchased Shares are cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase.

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(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company’s results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company’s annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “core connected person,” that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell its securities to the company.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and the Shareholders.

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(c) Funding of Repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Memorandum and Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares 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. Any payment for the repurchases of Shares will be drawn from the profits of our Company or from a fresh issue of shares made for the purpose of the repurchase or, if authorized by the Memorandum and Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Memorandum and Articles of Association and subject to Cayman Companies Act, out of capital.

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 the working capital requirements of our Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately following completion of the [REDACTED], could accordingly result in up to [REDACTED] Shares being repurchased by our Company during the period prior to the earliest of:

- (i) the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- (iii) the date when it is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

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If, as a result of any repurchase of Shares, a Shareholder’s proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No 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 Repurchase Mandate is exercised.

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 Group within the two years preceding the date of this Document and are, or may be, material:

- (a) an exclusive business cooperation agreement (獨家業務合作協議) dated February 10, 2025 entered into between Wuhan WFOE and Wuhan Yuanguang;
- (b) an exclusive option agreement (獨家購買權協議) dated February 10, 2025 entered into among Wuhan WFOE, Mr. Xiao Pingyuan, Mr. Chen Xiao, and Wuhan Yuanguang;
- (c) an equity pledge agreement (股權質押協議) dated February 10, 2025 entered into among Wuhan WFOE, Mr. Xiao Pingyuan, Mr. Chen Xiao, and Wuhan Yuanguang; and
- (d) the [REDACTED].

2. Material Intellectual Property Rights

As at the Latest Practicable Date, we had registered or has applied for the registration of the following intellectual property rights which we consider to be material in relation to the business of our Group.

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(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material in relation to the business of our Group:

No.	Trademark	Registration number	Class	Registration Date	Registered owner	Place of registration
1 . . .	WEBUS	40681394	35	May 21, 2020 to May 20, 2030	Beijing WFOE	PRC
2 . . .	chelaile	36925927	9	November 7, 2019 to November 6, 2029	Wuhan Yuanguang	PRC
3 . . .	chelaile	36942790	12	January 14, 2020 to January 13, 2030	Wuhan Yuanguang	PRC
4 . . .	chelaile	37558750	38	December 14, 2019 to December 13, 2029	Wuhan Yuanguang	PRC
5 . . .	chelaile	36942805	39	November 7, 2019 to November 6, 2029	Wuhan Yuanguang	PRC
6 . . .	chelaile	37559654	41	December 14, 2019 to December 13, 2029	Wuhan Yuanguang	PRC
7 . . .	车来了	13713921	9	February 21, 2015 to February 20, 2035	Wuhan Yuanguang	PRC
8 . . .	车来了	14810621	35	July 14, 2015 to July 13, 2035	Wuhan Yuanguang	PRC
9 . . .	车来了	19507616	36	May 14, 2017 to May 13, 2027	Wuhan Yuanguang	PRC
10 . .	车来了	14269430	38	May 7, 2015 to May 6, 2035	Wuhan Yuanguang	PRC
11 . .	车来了	14269930	41	May 7, 2015 to May 6, 2035	Wuhan Yuanguang	PRC
12 . . .	车来了	14270072	42	May 7, 2015 to May 6, 2035	Wuhan Yuanguang	PRC
13 . .	车来了	14270185	45	May 7, 2015 to May 6, 2035	Wuhan Yuanguang	PRC

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(b) Copyrights

As of the Latest Practicable Date, our Group owned the following copyrights which we consider to be material in relation to the business of our Group:

No.	Registration number	Registered owner	Copyright name	Place of registration	Registration date (YYYY/MM/DD)
1. . .	2021SR1821210	Beijing WFOE	Responsive City Bus Operation System (User Side) V1.0 (城市響應式公交運營系統(用戶端)V1.0)	PRC	2021.11.22
2. . .	2021SR0110057	Beijing WFOE	Chelaile Accurate Real-time Public Transport H5 Software V1.0 (車來了精準實時公交H5軟件V1.0)	PRC	2021.01.20
3. . .	2020SR1797337	Beijing WFOE	Public Transport Real-time Data Compensation AI System V1.0 (公交實時數據補償AI系統V1.0)	PRC	2020.12.11
4. . .	2019SR0390278	Beijing WFOE	Automatic Error Correction Algorithm System for Bus Line Network Data V1.0 (公交線網數據自動糾錯算法系統V1.0)	PRC	2019.04.25
5. . .	2019SR0225685	Beijing WFOE	Real-time Public Transport Mobile Application and its Support System V1.0 (實時公交手機應用及其支撐系統V1.0)	PRC	2019.03.07
6. . .	2022SR1076172	Wuhan Yuanguang	Intelligent Public Transport System V1.0 (智能公共出行系統V1.0)	PRC	2022.08.10
7. . .	2021SR0802980	Wuhan Yuanguang	Chelaile Real-time Bus Query Large-print Version Software V1.0.0 (車來了實時公交查詢大字版軟件V1.0.0)	PRC	2021.05.31
8. . .	2020SR0402688	Wuhan Yuanguang	Chelaile Real-time Bus Search Software (Android) V5.9.0 (車來了實時公交查詢軟件(android版)V5.9.0)	PRC	2020.04.30
9. . .	2020SR0403388	Wuhan Yuanguang	Chelaile Real-Time Bus Tracker (iOS) V5.9.0 (車來了實時公交查詢軟件(iOS版)V5.9.0)	PRC	2020.04.30

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(c) Patents

As at the Latest Practicable Date, our Group had registered the following patents which we consider to be material in relation to the business of our Group:

No.	Patent Category	Patent name	Patent Owner	Patent number	Date of application (YYYY/MM/DD)
1 . . .	Invention	Method and device for generating bus stop names (一種公交站點名稱生成方法及裝置)	Wuhan Yuanguang	202010263519.4	2020.04.07
2 . . .	Invention	Method and device for determining bus operating routes, determination devices, and electronic devices (公交車運行線路的確定方法、確定裝置及電子設備)	Wuhan Yuanguang	202110327372.5	2021.03.26
3 . . .	Invention	Method, device, and processing equipment for processing announcement data (一種公告數據的處理方法、裝置以及處理設備)	Wuhan Yuanguang	202111243993.1	2021.10.26
4 . . .	Invention	Method, device, and electronic equipment for real-time bus service route recommendations (實時公交服務線路推薦方法、裝置與電子設備)	Wuhan Yuanguang	201910084825.9	2019.01.29
5 . . .	Invention	Method and device for determining accuracy of bus route station data (公交線路站點數據準確性判定方法及裝置)	Wuhan Yuanguang	201910490962.2	2019.06.06
6 . . .	Invention	Method and device for bus GPS device clock calibration (公交車GPS設備時鐘校準方法及裝置)	Wuhan Yuanguang	201910123701.7	2019.02.19
7 . . .	Invention	Method and device for determining vehicle operating routes (確定車輛運營線路的方法和裝置)	Wuhan Yuanguang	201910106317.6	2019.02.02

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No.	Patent Category	Patent name	Patent Owner	Patent number	Date of application (YYYY/MM/DD)
8. . .	Invention	Method and related equipment for determining whether vehicle allocation is needed and determining the number of buses allocated (判斷是否需要進行配車及確定公交配車數的方法及相關設備)	Wuhan Yuanguang	202010033980.0	2020.01.13
9. . .	Invention	Method and electronic equipment for compensating GPS positioning data in bus system (公交系統中GPS定位數據補償方法及電子設備)	Wuhan Yuanguang	201910082227.8	2019.01.28
10. . .	Invention	Method and device for determining bus vehicles boarded by users (確定用戶乘坐的公交車輛的方法及裝置)	Wuhan Yuanguang	201910938465.4	2019.09.30

(d) Domain Names

As at the Latest Practicable Date, our Group had registered the following domain names which we consider to be material in relation to the business of our Group:

No.	Domain name	Registrant	Expiration Date (YYYY/MM/DD)
1 . . .	metalight.com.cn	Wuhan Yuanguang	2033.05.12
2 . . .	chelaileapp.cn	Wuhan Yuanguang	2025.12.04
3 . . .	chelaile.net.cn	Wuhan Yuanguang	2025.06.04

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests and short positions of our Directors and chief executive in the share capital of our Company and its associated corporations following completion of the [REDACTED]*

Immediately following the completion of the [REDACTED] (assuming that no new Shares are issued under the Share Incentive Plans), the interest or short position of our Directors or chief executives of our Company in the Shares, underlying shares and debentures of our Company or its 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 interest 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 therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, once the Shares are [REDACTED], will be as follows:

Interests and short positions in the Shares

<u>Name of Director or chief executive</u>	<u>Nature of interest</u>	<u>Number of Shares directly or indirectly held immediately following the completion of the [REDACTED]⁽¹⁾</u>	<u>Approximate percentage of interest in our Company immediately following the completion of the [REDACTED]</u>
Dr. Sun	Interest in a controlled corporation	[REDACTED] (L) ⁽²⁾	[REDACTED]%
	Interest from voting proxy	[REDACTED] (L) ⁽²⁾	[REDACTED]%
	Interest jointly held with another person	[REDACTED] (L) ⁽²⁾	[REDACTED]%
Ms. Qian Jinlei . . .	Interest in a controlled corporation	[REDACTED] (L) ⁽³⁾	[REDACTED]%
Ms. Lu Lu	Interest in a controlled corporation	[REDACTED] (L) ⁽⁴⁾	[REDACTED]%

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Notes:

- (1) Assuming the conversion of the Preferred Shares into Ordinary Shares has been completed prior to the [REDACTED]; the letter “L” denotes the person’s long position in the Shares.
- (2) Meta Hope Ltd. directly held [REDACTED] Shares, which is wholly owned by Dr. Sun.

Pursuant to the 2023 Voting Agreement, Dr. Sun (together with Meta Hope Ltd.) as an attorney has the rights associated with Dr. Shao’s entire indirect equity interest in the Company held through Bus Dream Ltd.

Pursuant to the AIC Agreement, pursuant to which the parties thereto shall act in accordance with the direction of Dr. Sun (including but not limited to acting through entities or trusts controlled by Dr. Sun). Accordingly, Dr. Sun is deemed to be interested in the Shares other concert parties are interested in under the SFO.

See “History, Reorganization and Corporate Structure — Voting Agreement and Acting In Concert Arrangements” for details.

- (3) Include Shares held by WeBus Light Ltd. See “Substantial Shareholders” for details.
- (4) Include Shares held by Summer Sea Investment Limited.

(b) *Interests and short positions disclosable under Divisions 2 and 3 of the Part XV of the SFO*

Immediately following the completion of the [REDACTED] and without taking into account any Shares to be issued under the Share Incentive Plans, save as disclosed in “Substantial Shareholders” in this Document:

- (i) our Directors are not aware of any other person who will have an interest or short position in the Shares or underlying shares which are 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, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.
- (ii) so far as our Directors are aware, as of the Latest Practicable Date, no persons would be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of any other members of our Group.

2. Particulars of Directors’ Service Contracts and Appointment Letters

(a) *Executive Directors*

Each of our executive Directors, has entered into a service contract with our Company, under which they agreed to act as executive Directors for an initial term of three years commencing from the [REDACTED], which may be terminated by not less than three months’ notice in writing served by either the executive Director or our Company.

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The appointments of our executive Directors are subject to the provisions of retirement and rotation of Directors under the Memorandum and the Articles.

(b) *Independent Non-executive Directors*

Each of our independent non-executive Directors has signed an appointment letter with our Company for a term of [●] year with effect commencing from the [REDACTED]. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director’s fee.

The appointments of the independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the Memorandum and the Articles.

3. Directors’ Remuneration

The aggregate amounts of remuneration paid to the Directors were approximately RMB3.3 million, RMB6.5 million and RMB19.2 million, in fiscal years 2022, 2023 and 2024, respectively.

It is estimated that remuneration equivalent to approximately RMB19.3 million (excluding possible share-based payments) in aggregate will be paid to the Directors by our Company in fiscal year 2025, based on the arrangements in force as of the date of this Document.

For details of the remuneration of our Directors, see “Directors and Senior Management — Director’s Remuneration” and Note 8 to the Accountants’ Report set out in Appendix I to this Document.

4. Disclaimers

- (i) Save as disclosed in this Document, none of our Directors or the chief executive has any interests or short positions in the Shares, underlying shares and debentures of our Company or any 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 or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Hong Kong Stock Exchange once the Shares are [REDACTED];

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- (ii) save as disclosed in the section headed “— C. Further Information about our Directors and Substantial Shareholders — 1. Disclosure of Interests”, none of our Directors is a director or employee of a company which has an interest in the share capital of the Company which, once the Shares are [REDACTED] on the Stock Exchange, would have to be disclosed pursuant to Division 2 and 3 of Part XV of the SFO. Please refer to the section headed “Directors and Senior Management” in this Document for details;
- (iii) save in connection with [REDACTED], none of our Directors nor any of the parties listed in the paragraph headed “— E. Other Information — 4. Qualifications of Experts” of this appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the date of this Document, been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (iv) save in connection with [REDACTED], none of our Directors nor any of the parties listed in the paragraph headed “— E. Other Information — 4. Qualifications of Experts” of this appendix is materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business;
- (v) save in connection with [REDACTED], none of the parties listed in paragraph headed “— E. Other Information — 4. Qualifications of Experts” of this appendix is interested legally or beneficially in any of our Shares or our securities; or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our Shares or any of our securities; and
- (vi) none of our Directors or their associates (as defined in the Listing Rules) has any interest in any of the five largest customers or the five largest suppliers of our Group.

D. SHARE INCENTIVE PLANS

Our Company adopted the Share Incentive Plans, which included the 2015 Share Incentive Plan and the 2023 Share Incentive Plan.

Pursuant to Rule 17.02(1)(b) of the Listing Rules, the Share Incentive Plans do not need to be approved by the Shareholders after the [REDACTED]. In addition, given that the Share Incentive Plans will not involve the grant of new Shares after the [REDACTED] and all material terms have been clearly set out in this Document, the options and awards granted to specified participants before the [REDACTED] as set out below may continue to be valid after the [REDACTED] (subject to the Stock Exchange granting approval for [REDACTED] of the Shares in respect of such options or awards).

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Principal terms of the Share Incentive Plans are summarized as below:

1. 2015 Share Incentive Plan

(a) *Purpose*

The purposes of the 2015 Share Incentive Plan are to attract and retain the best available personnel, to provide additional incentives to employees, directors and consultants and to promote the success of the Company’s business.

(b) *Who May Join*

Persons eligible to participate (“**Eligible Participants**”) in the 2015 Share Incentive Plan include employees of our Company or any parent or subsidiary of our Company, a member of the Board of Directors of the Company, or any consultant who is engaged by the Company or its parent or subsidiary to render consulting or advisory services to such entity (the “**Service Providers**”).

(c) *Maximum number of Shares*

The maximum aggregate number of Shares which may be issued underlying the options pursuant to the 2015 Share Incentive Plan is 18,615,738 ordinary Shares.

(d) *Administration of the 2015 Share Incentive Plan*

The 2015 Share Incentive Plan is administered by the Board or a committee (the “**Committee**”) designated by the Board, which Committee shall be constituted in accordance with the applicable laws (together with the Board, the “**Administrator**”). Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. The Board may authorize one or more officers to grant the options and may limit such authority as the Board determines from time to time.

(e) *Grant of Options*

The Administrator is authorized under the 2015 Share Incentive Plan to award options to a Eligible Participant that is not inconsistent with the provisions of the 2015 Share Incentive Plan, measured by appreciation in the value of ordinary Shares, or similar right with a fixed or variable price related to the fair market value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions.

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(f) Options

The Board or officer(s) authorized by the Board is authorized to grant options to participants on the terms and conditions as set out in the 2015 Share Incentive Plan. The option agreement evidencing the options shall include such additional provisions as may be specified by the Board.

The term of each option shall be stated in the option agreement; provided, however, that the terms shall be no more than ten (10) years from the date of grant thereof. The per share exercise price for the Shares to be issued upon exercise of an option shall be such price as is determined by the Administrator. No new options may be granted under the 2015 Share Incentive Plan after [REDACTED].

(g) Exercise Price

Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise of each option including the method of payment, shall be determined by the Administrator. In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued under the 2015 Share Incentive Plan the following:

- (i) cash;
- (ii) check;
- (iii) if the exercise occurs on or after the [REDACTED], surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a fair market value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said option shall be exercised, provided, however, that Shares acquired under the 2015 Share Incentive Plan or any other equity compensation plan or agreement of the Company must have been held by the grantee for a period of more than six (6) months (and not used for another award exercise by attestation during such period);
- (iv) with respect to Options, if the exercise occurs on or after the [REDACTED], payment through a broker-dealer sale and remittance procedure pursuant to which the grantee (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction; or
- (v) any combination of the foregoing methods of payment.

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(h) Limit on transfer

Subject to the applicable laws, an option shall be transferable (i) by will and by the laws of descent and distribution and (ii) during the lifetime of the grantee, to the extent and in the manner authorized by the Administrator. Notwithstanding the foregoing, the grantee may designate one or more beneficiaries of the Grantee’s option in the event of the grantee’s death on a beneficiary designation form provided by the Administrator.

2. 2023 Share Incentive Plan

(a) Purpose

The purpose of the 2023 Share Incentive Plan is: (i) to provide the Company with a flexible means of attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to Eligible Participants; (ii) to align the interests of Eligible Participants (as defined below) with those of the Company and Shareholders by providing such Eligible Participants with the opportunity to acquire proprietary interests in the Company and become Shareholders; and (iii) to encourage Eligible Participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

(b) Who May Join

Persons eligible to participate (the “**Eligible Participants**”) in the 2023 Share Incentive Plan include any person who is or was an employee (whether full-time or part-time or other employment relationship), director or officer of any member of the Group (the “**Employee Participant**”) or of the holding company, subsidiaries of the holding company other than members of the Group or any company that is an associate of the Company (the “**Related Entity Participant**”), or any person providing services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group as determined by the Administrator (the “**Service Provider Participant**”).

(c) Maximum number of Shares

The maximum aggregate number of Shares which may be issued pursuant to the 2023 Share Incentive Plan is 34,910,920 ordinary Shares (the “**Scheme Limit**”).

(d) Administration of the 2023 Share Incentive Plan

The Board shall be responsible for administering the 2023 Share Incentive Plan. The authority to administer the 2023 Share Incentive Plan may be delegated by the Board to a committee of the Board or to any other person deemed appropriate at the sole discretion of the Board, including its powers to offer or grant Awards and to determine the terms and conditions of such awards (together with the Board, the “**Administrator**”).

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The Administrator may from time to time appoint one or more administrators, to assist in the administration of the 2023 Share Incentive Plan, to whom they, at their sole discretion, may delegate such functions relating to the administration of the 2023 Share Incentive Plan as they may think fit. The duration of office, terms of reference and remuneration (if any) of such administrator shall be determined by the Administrator at their sole discretion from time to time.

(e) Grant of Awards

The Board or Administrator may, from time to time, in their absolute discretion select any Eligible Participant to be a grantee and, subject to these scheme rules, grant an award, the nature and amount of which shall be determined by the Board or Administrator, to such grantee during the Scheme Period (as defined below).

An award may take the form of:

- (i) an award which vests in the form of the right to subscribe for and/or to be issued such number of award Shares as the Administrator may determine at the Issue Price in accordance with the terms of the scheme rules (a “**Share Award**”); or
- (ii) an award which vests in the form of the right to subscribe for such number of award Shares as the Administrator may determine during the Exercise Period at the Exercise Price in accordance with the terms of the scheme rules (a “**Share Option**”).

To the extent that an award shall be settled by the delivery of new Shares, the grant of such award shall be conditional upon the listing committee of the Stock Exchange granting approval to the [REDACTED] of, and permission to [REDACTED], such Shares and the satisfaction of any other conditions as may be considered necessary or appropriate by the Administrator.

(f) Issue price or exercise price

For awards which take the form of Share Awards, the issue price for the exercise of such Share Awards shall be such price determined by the Administrator in their absolute discretion and notified to the grantee in the award letter which may be a fixed price, or a variable price related to the fair market value of the Shares. For the avoidance of doubt, the Administrator may determine the issue price to be at nil consideration. Notwithstanding anything in the foregoing, the issue price shall in no circumstances be less than the par value of the Shares.

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For awards which take the form of Share Options, the exercise price for such Share Options shall be such price determined by the Administrator in their absolute discretion and notified to the Eligible Participant in the award letter which may be a fixed price, or a variable price related to the fair market value of the Shares. For the avoidance of doubt, to the extent permissible in accordance with applicable laws, rules and regulations, any downward adjustment of the exercise prices of Share Options shall be effective without the approval of the affected grantees. Notwithstanding anything in the foregoing, the exercise price shall in no circumstances be less than the par value of the Shares.

(g) Limit on transfer

Awards shall be personal to the grantee to whom they are made and shall not be assignable or transferable, except in circumstances where the written consent of the Company has been obtained and a waiver has been granted by the Stock Exchange for such transfer in compliance with the requirements of the Listing Rules and provided that any such transferee shall be bound by the scheme rules and all applicable award letters as if the transferee were the grantee.

(h) Amendment of the 2023 Share Incentive Plan

The Board may amend, suspend or terminate any of the provisions of this 2023 Share Incentive Plan or any Awards granted under this 2023 Share Incentive Plan at any time and in any respect; provided, however, that no such amendment shall be made without the approval of the Company’s Shareholders to the extent such approval is required by applicable laws, rules and regulations (including the Listing Rules). No Award may be granted during any suspension of the Scheme or after termination of the 2023 Share Incentive Plan.

The consent of the relevant grantee is required for any change to the provisions of this 2023 Share Incentive Plan or any awards granted under the 2023 Share Incentive Plan to the extent that such amendment or alteration has a material adverse effect on any subsisting rights of that grantee at that date in respect of awards already granted to that grantee and to the extent that such awards have not vested or lapsed or been forfeited, provided that no such consent shall be required if the Administrator determines in its sole discretion that such amendment or alteration either:

- (i) is necessary or advisable in order for the Company, this 2023 Share Incentive Plan or the award to satisfy any applicable law or Listing Rules or to meet the requirements of, or avoid adverse consequences under, any accounting standard; or
- (ii) is not reasonably likely to diminish materially the benefits provided under such award, or that any such diminishment has been adequately compensated.

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(i) Term of the 2023 Share Incentive Plan

The 2023 Share Incentive Plan shall be valid and effective for the period of ten (10) years commencing on the adoption date and ending on the 10th anniversary of the adoption date (the “**Scheme Period**”).

The 2023 Share Incentive Plan shall terminate on the earlier of: (a) the expiry of the Scheme Period; and (b) such date of early termination as determined by the Board, following which no further Awards will be offered or granted under the 2023 Share Incentive Plan, provided that notwithstanding such termination, the 2023 Share Incentive Plan and the scheme rules shall continue to be valid and effective to the extent necessary to give effect to the vesting and exercise of any awards granted prior to the termination of the 2023 Share Incentive Plan and such termination shall not affect any subsisting rights already granted to any grantee hereunder.

3. Outstanding Options Granted under the Share Incentive Plans

(i) Outstanding Options

As of the date of this Document:

- (a) under the 2015 Share Incentive Plan, our Company has granted a total of 18,615,738 options (representing the right to subscribe 18,615,738 Shares), being the maximum number of awards under the plan. Among such grants, 11,990,988 options have been exercised, 100,500 options (representing the right to subscribe 100,500 Shares) have been canceled as the employment with certain grantees was terminated before relevant options being exercised, and the remaining 6,524,250 options granted to 71 grantees remain outstanding.
- (b) under the 2023 Share Incentive Plan, our Company has granted a total of 28,895,000 share awards and 6,015,920 options, being the maximum number of awards under the plan. Among such grants of options, 2,000,000 options were granted to one Director of our Company and the other 4,015,920 options were granted to 42 eligible participants who are not Directors, senior management or connected persons of our Company.

Accordingly, as of the date of this Document, 12,540,170 options (representing the right to subscribe 12,540,170 Shares) granted to 96 grantees (the “**Grantees**”, each a “**Grantee**”) remain outstanding. As a result, 12,540,170 options (representing the right to subscribe 12,540,170 Shares) would remain outstanding prior to [REDACTED], and no new award/option may be granted after [REDACTED].

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Details of the outstanding options granted under the Share Incentive Plans as of the date of this Document are set out below:

Name of Grantee	Position held at our Group	Address	Number of Shares underlying the options granted	Date of grant	Vesting period	Exercise price per Share	Consideration paid	Approximate percentage of issued Shares immediately after completion of the [REDACTED] ⁽¹⁾
<i>2015 Share Incentive Plan</i>								
71 grantees			[6,524,250]	Note 2	Note 3	Note 4	US\$[1,043,192]	[REDACTED]%
Sub-total:			[6,524,250]					[REDACTED]%
<i>2023 Share Incentive Plan</i>								
<i>Director and senior management</i>								
Qian Jinlei	Executive Director and chief operating officer	902, Unit 2, Floor 8, Building 908, Shui'an Zhuangyuan, Chaoyang District, Beijing, China	2,000,000	February 28, 2025	Note 6	US\$[0.32]	US\$[640,000]	[REDACTED]%
42 other grantees.			4,015,920	Note 5	Note 6	US\$[0.32]	US\$[1,285,094.4]	[REDACTED]%
Sub-total:			6,015,920				US\$[1,925,094.4]	[REDACTED]%
Total:			[12,540,170]					[REDACTED]%

Notes:

- (1) The calculations are made assuming that no Shares are issued under the Share Incentive Plans.
- (2) The dates of grant for other grantees range from the date of joining the Group to September 1, 2023.
- (3) The vesting schedules for these grantees are (1) 25% to be vested on each of the first, second, third and fourth anniversaries of date of grant or (2) fully vested on the date of grant, provided that the options shall only by exercised after the [REDACTED].
- (4) The exercise prices for the grantees are from nil to US\$0.32, as the case may be. Accordingly, the total consideration is the aggregation of the exercise price for each grantee multiplied by the number of options granted.
- (5) The dates of grant for other grantees are April 1, 2024, November 1, 2024, December 31, 2024, February 28, 2025 or May 15, 2025, as the case may be.
- (6) The vesting schedule for all 2023 Plan Grantees is 10% of the total options granted to be vested within 12 months from the [REDACTED]; 10% of the total options granted to be vested within 24 months from the [REDACTED]; 30% of the total options granted to be vested within 36 months from the [REDACTED]; and the remaining 50% of the total options granted to be vested within 48 months from the [REDACTED].

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

In respect of the outstanding options granted under the Share Incentive Plans, we have applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) an exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. See the section headed “Waivers and Exemptions” for details.

(ii) Dilution Effect and Impact on Earnings per Share

As of the date of this Document, there are [12,540,170] outstanding options granted under the Share Incentive Plans, amounting to a total of [12,540,170] underlying Shares which may be issued to the Grantees representing [REDACTED]% of the total issued Shares of our Company immediately after the completion of the [REDACTED] (assuming that no new Shares are issued under the Share Incentive Plans). No further grant will be made pursuant to the Share Incentive Plans after the [REDACTED].

Assuming the full exercise of the options granted prior to the [REDACTED], the shareholding of our Shareholders immediately following completion of the [REDACTED] will be diluted by approximately [REDACTED]%. If all the options granted under the Share Incentive Plans are exercised, there would be a dilution effect of approximately [REDACTED]% on the earnings per Share and the shareholdings of our Shareholders immediately following completion of the [REDACTED].

Application has been made to the Stock Exchange for the [REDACTED] of and permission to deal in the Shares which will be allotted and issued upon the exercise of the outstanding options granted under the Share Incentive Plans.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any legal, arbitral or administrative proceedings pending or threatened against us or any of our Directors that, individually or in the aggregate, could have a material adverse effect on our business, results of operations or financial condition.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Stock Exchange for the [REDACTED] of, and permission to deal in all the Shares in issue and to be issued as mentioned in this Document. All necessary arrangements have been made for the Shares to be admitted into [REDACTED].

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will be paid by our Company a fee of US\$1,000,000 to act as a sponsor to our Company in connection with the [REDACTED].

4. Qualifications of Experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this Document:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Han Kun Law Offices	Legal advisor to the Company as to PRC law
Campbells	Legal advisor to the Company as to Cayman Islands law
China Insights Industry Consultancy Limited	Independent industry consultant

5. Consents of Experts

Each of the experts named in paragraph 4 above has given and has not withdrawn its consent to the issue of this Document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

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STATUTORY AND GENERAL INFORMATION

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

6. Promoters

Our Company does not have any promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoter in connection with the [REDACTED] and the related transactions described in this Document.

7. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

8. Binding Effect

This Document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Bilingual Document

The English language and Chinese language versions of this Document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Miscellaneous

- (a) Save as disclosed in the section headed “History, Reorganization and Corporate Structure” in this Document, within the two years immediately preceding the date of this Document:
 - (i) no share or loan capital of our Company or any of our subsidiaries or Consolidated Affiliated Entities has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries or Consolidated Affiliated Entities;

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STATUTORY AND GENERAL INFORMATION

- (iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries or Consolidated Affiliated Entities;
- (b) Save as disclosed in this Document, no share or loan capital of our Company or any of our subsidiaries or Consolidated Affiliated Entities had been under option or agreed conditionally or unconditionally to be put under option;
- (c) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries or Consolidated Affiliated Entities;
- (d) our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2024 (being the date to which the latest audited combined financial statements of our Group were made up);
- (e) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Document;
- (f) our principal register of members will be maintained by our [REDACTED], [REDACTED], in the Cayman Islands and our Hong Kong register of members will be maintained by [REDACTED], in Hong Kong. All transfer and other documents of title of the Shares must be lodged for registration with and registered by our share registrar in Hong Kong;
- (g) all necessary arrangements have been made to enable the Shares to be admitted to [REDACTED];
- (h) no company within our Group is presently listed on any stock exchange or traded on any trading system; and
- (i) there is no arrangement under which future dividends are waived or agreed to be waived.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this Document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in “Statutory and General Information — E. Other Information — 5. Consents of Experts” in Appendix IV; and
- (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.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.metalight.com.cn during a period of 14 days from the date of this Document:

- (a) the Memorandum and the Articles;
- (b) the Accountants’ Report prepared by Ernst & Young, the texts of which are set out in Appendix I to this Document;
- (c) the report issued by Ernst & Young in relation to the unaudited [REDACTED] financial information of the Group, the text of which is set forth in Appendix II to this Document;
- (d) the audited consolidated financial statements of the Company for the financial years ended December 31, 2022, 2023 and 2024;
- (e) the PRC legal opinions issued by Han Kun Law Offices, the Company’s PRC Legal Advisor, in respect of in respect of certain general corporate matters and property interests in China of the Group;
- (f) the letter of advice prepared by Campbells, the Company’s legal advisor on Cayman Islands law, summarizing certain aspects of the Cayman Islands company law referred to in Appendix III to this Document;
- (g) the Cayman Companies Act;
- (h) the industry report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in the section headed “Industry Overview;”

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR
OF COMPANIES AND AVAILABLE ON DISPLAY**

- (i) the written consents referred to in “Statutory and General Information — E. Other Information — 5. Consents of Experts” in Appendix IV to this Document;
- (j) 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 Document;
- (k) the service contracts and the letters of appointment with the Directors referred to in “Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 2. Particulars of Directors’ Service Contracts and Appointment Letters” in Appendix IV to this Document; and
- (l) the terms of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a list of grantees of all options under each of the 2015 Share Incentive Plan and the 2023 Share Incentive Plan, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of Cooley HK at 35/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this Document.