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Application Proof of



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Capvision Partners (Shanghai) Corporation Limited*

凱盛融英信息科技(上海)股份有限公司

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

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凱盛融英信息科技(上海)股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	:	[REDACTED] H Shares (subject to the [REDACTED])
Number of Hong Kong [REDACTED]	:	[REDACTED] H Shares (subject to adjustment and the [REDACTED])
Number of International [REDACTED]	:	[REDACTED] H Shares (subject to adjustment and the [REDACTED])
Maximum [REDACTED]	:	HK\$[REDACTED] per H Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund on final pricing)
Nominal value	:	RMB1.00 per H Share
[REDACTED]	:	[•]

Joint Sponsors, [REDACTED], [REDACTED] and [REDACTED]



Financial Advisor



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

The [REDACTED] is expected to be determined by agreement between us and the [REDACTED] (on behalf of the [REDACTED]) on the [REDACTED]. The [REDACTED] is expected to be on or around [REDACTED] (Hong Kong time) and, in any event, not later than [REDACTED]. The [REDACTED] will be not more than HK\$[REDACTED] per [REDACTED] and is currently expected to be not less than HK\$[REDACTED] per [REDACTED], unless otherwise announced. Investors applying for the Hong Kong [REDACTED] must pay, on application, the maximum [REDACTED] of HK\$[REDACTED] per [REDACTED], together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the [REDACTED] is less than HK\$[REDACTED] per [REDACTED]. If, for any reason, the [REDACTED] is not agreed between us and the [REDACTED] (on behalf of the [REDACTED]) on or before [REDACTED] (Hong Kong time), the [REDACTED] (including the [REDACTED]) will not proceed and will lapse.

We are incorporated, and a majority part of our businesses are located, in the PRC. [REDACTED] should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. [REDACTED] should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in the sections headed “Risk Factors”, “Regulatory Overview”, “Appendix IV — Summary of Principal Laws and Regulations” and “Appendix V — Summary of Articles of Association” to this document.

The [REDACTED] (on behalf of the [REDACTED]), with our consent, may reduce the indicative [REDACTED] range stated in this document and/or reduce the number of [REDACTED] being [REDACTED] pursuant to the [REDACTED] at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, notices of the reduction of the indicative [REDACTED] range and/or the number of [REDACTED] will be published in the [South China Morning Post] (in English) and the [Hong Kong Economic Times] (in Chinese) not later than the morning of the last day for lodging applications under the [REDACTED]. Further details are set out in the sections headed “Structure of the [REDACTED]” and “How to Apply for Hong Kong [REDACTED]” in this document. Prior to making an investment decision, [REDACTED] should consider carefully all of the information set out in this document, including the risk factors set out in the section headed “Risk Factors” in this document. The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (on behalf of the [REDACTED]) if certain grounds arise prior to [8:00] [a.m.] on the [REDACTED]. Such grounds are set out in the section headed “[REDACTED]” in this document. It is important that you refer to that section for further details.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be [REDACTED] pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The [REDACTED] are being [REDACTED] and [REDACTED] (1) solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

* For identification purpose only

[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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IMPORTANT NOTICE TO [REDACTED]

This document is issued by our Company solely in connection with the [REDACTED] and the Hong Kong [REDACTED] and does not constitute an [REDACTED] to sell or a solicitation of an [REDACTED] to buy any securities other than the [REDACTED] [REDACTED] [REDACTED] by this document pursuant to the [REDACTED]. This document may not be used for the purpose of, and does not constitute, an [REDACTED] or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] or the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the [REDACTED] and [REDACTED] of the [REDACTED] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely on the information contained in this document and the [REDACTED] to make your [REDACTED] decision. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorized by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our or their respective directors, officers or representatives or any other person involved in the [REDACTED]. Information contained in our website, located at www.capvision.com, does not form part of this document.

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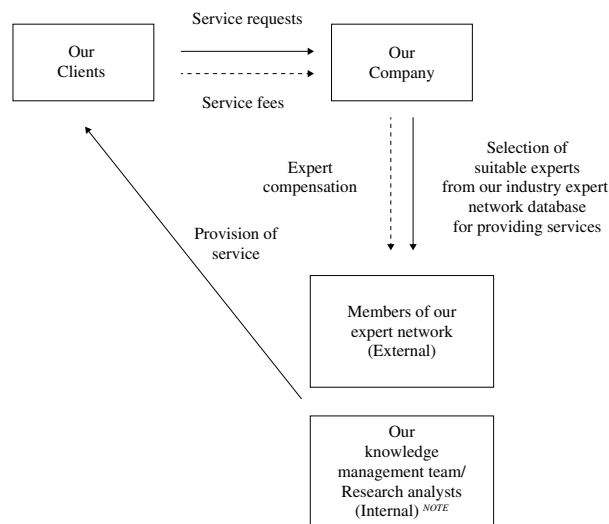
This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to [REDACTED] in the [REDACTED]. There are risks associated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

OVERVIEW

Founded in 2008, we are the leading industry expert knowledge services provider in China, with our expert network and client base having global presence. According to Frost & Sullivan, in 2020, we were the largest industry expert knowledge services provider in China as measured by revenue. We are headquartered in Shanghai and have established bases in Beijing, Suzhou, Shenzhen, Hong Kong and New York City. We connect our clients, including a broad range of large and prominent financial institutions, consulting firms and global corporations, to industry experts across a wide range of industries and regions. We believe our ability to quickly arrange in-depth and highly tailored consultations for our clients with well-qualified industry experts in a flexible manner, ranging in duration from brief interactions to longer-term projects, is the core of our value proposition to clients. In addition to arranging expert consultations, we also provide research services and conference services to our clients. Our research services assemble teams of internal analysts who collaborate with external experts to conduct industry research, market research or similar services in response to specific client needs, and our conference services arrange in-person and virtual conferences at which clients can meet experts for industry and business insights.

The key strength of our services lies in the professional knowledge and insights we provide through our expert network to our clients. Our expert network has grown rapidly, from approximately 230,000 members as of December 31, 2018 to approximately 360,000 members as of March 31, 2021. We believe our experts are highly skilled and qualified in their specialized fields to provide insights to our clients. Such industry experts include corporate executives, business leaders and other industry veterans, as well as academic elites and strategic analysts. The members of our expert network cover a wide range of industries, including consumer and retail, healthcare, TMT, consulting services, automobiles and finance, among others.

The diagram below illustrates our business model:



Note: Support provided by our knowledge management teams and our internal research analysts is only applicable where the service-package pricing model is adopted.

SUMMARY

For further details relating to our business, please refer to the section headed “Business” in this document.

OUR COMPETITIVE STRENGTHS

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

- Leading player in a large and rapidly growing market in China, with first-mover advantages;
- Extensive network of experienced industry experts covering a wide range of industries and regions;
- High-quality and stable client base including leading financial institutions, consulting firms and global corporations;
- Proprietary and scalable information technology infrastructure;
- High-quality service offering generating high levels of client satisfaction and strong brand reputation; and
- Experienced and visionary management team and highly efficient and stable senior management team.

For further details, please refer to the section headed “Business — Competitive Strengths” in this document.

OUR STRATEGIES

We intend to implement the following strategies:

- Consolidate and strengthen our leading position in our current core markets in China;
- Tap into rapidly growing demand in potential markets in China;
- Expand our geographic footprint internationally;
- Integrate, expand and optimize our IT infrastructure; and
- Selective mergers and acquisitions.

For further details, please refer to the section headed “Business – Business Strategies” in this document.

RISK FACTORS

Our business and the [REDACTED] involve certain risks, which are set out in the section headed “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to [REDACTED] in our Shares. Some of the major risks we face include, without limitation, the following:

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- Our growth depends on our ability to attract and retain a large community of experts, and the loss of our experts, or failure to attract new experts, could adversely impact our business;
- Our growth depends on our ability to attract and retain a large community of clients, and the loss of our clients, or failure to attract new clients, could adversely impact our business;
- Our clients are predominantly financial institutions, and we may be affected by the development of the financial institution industry;
- If the industry expert knowledge services market is not sustained or develops more slowly than we expect, our growth may slow or stall, and our results of operations could be adversely affected;
- Clients and experts may circumvent our service, which could adversely impact our business;
- If we fail to develop, maintain and enhance our brand and reputation effectively, our business and financial condition may be adversely affected;
- Personal and other information provided by experts may be inaccurate, misleading, erroneous or fraudulent, which could harm our reputation and prospects;
- If our experts violate our terms and conditions and act in breach of contractual obligations that they owe to current or former employers or other third parties, our business, financial condition and results of operations may be adversely affected;
- Members of our expert network could engage in certain intentional or negligent misconduct or violation of laws or rules, which would harm our brand and reputation; and
- Insights that members of our expert network provide to clients may be inaccurate, misunderstood or misleading, which could harm our reputation, results of operations and prospects.

SUMMARY OF KEY FINANCIAL INFORMATION

The summary historical financial information set forth below has been derived from and should be read in conjunction with our consolidated audited financial information, including the accompanying notes set forth in the Accountant's Report included in Appendix I to this document, as well as the information in "Financial Information" included in this document. Our financial information was prepared in accordance with HKFRS.

SUMMARY

Summary of Statements of Comprehensive Income

	Year ended December 31,						Three months ended March 31,			
	2018		2019		2020		2020		2021	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage of revenue
	<i>(RMB'000, except in percentages)</i>									
Revenue	385,428	100.0%	460,548	100.0%	643,479	100.0%	138,964	100.0%	212,783	100.0%
Cost of sales	(196,977)	(51.1)%	(260,924)	(56.7)%	(314,699)	(48.9)%	(66,128)	(47.6)%	(96,633)	(45.4)%
Gross Profit	188,451	48.9%	199,624	43.3%	328,780	51.1%	72,836	52.4%	116,150	54.6%
Selling and distribution expenses	(44,728)	(11.6)%	(47,503)	(10.3)%	(52,170)	(8.1)%	(9,112)	(6.6)%	(18,880)	(8.9)%
Administrative expenses	(54,365)	(14.1)%	(56,852)	(12.3)%	(64,956)	(10.1)%	(13,615)	(9.8)%	(15,850)	(7.4)%
Net impairment gains/(losses) on financial assets	357	0.1%	(1,274)	(0.3)%	(1,673)	(0.3)%	(704)	(0.5)%	(412)	(0.2)%
Impairment on non-financial assets	—	0.0%	(140)	0.0%	—	0.0%	—	0.0%	—	0.0%
Other income	4,122	1.1%	10,303	2.2%	8,126	1.3%	425	0.3%	629	0.3%
Other (losses)/gains, net	(1,386)	(0.4)%	3,557	0.8%	(2,153)	(0.3)%	(264)	(0.2)%	(4,438)	(2.1)%
Operating profit	92,451	24.0%	107,715	23.4%	215,954	33.6%	49,566	35.7%	77,199	36.3%
Finance (costs)/income, net	5,485	1.4%	3,705	0.8%	(18,143)	(2.8)%	4,069	2.9%	2,213	1.0%
Share of income/(loss) of investment in associates	(92)	0.0%	6	0.0%	(14)	0.0%	(8)	0.0%	—	0.0%
Profit before income tax	97,844	25.4%	111,426	24.2%	197,797	30.7%	53,627	38.6%	79,412	37.3%
Income tax expense	(13,333)	(3.5)%	(18,737)	(4.1)%	(31,194)	(4.8)%	(7,050)	(5.1)%	(11,053)	(5.2)%
Profit for the year/period	84,511	21.9%	92,689	20.1%	166,603	25.9%	46,577	33.5%	68,359	32.1%
Profit for the year/period attributable to										
— Owners of our Company	85,079	22.1%	93,673	20.3%	165,490	25.7%	46,522	33.5%	67,490	31.7%
— Non-controlling interests	(568)	(0.1)%	(984)	(0.2)%	1,113	0.2%	55	0.0%	869	0.4%
Other comprehensive income, net of tax										
Item that may be reclassified to profit or loss:										
Currency translation difference	6	0.0%	(9)	(0.0)%	(333)	(0.1)%	(661)	(0.5)%	(11)	(0.0)%
Other comprehensive income for the year/period, net of tax	6	0.0%	(9)	(0.0)%	(333)	(0.1)%	(661)	(0.5)%	(11)	(0.0)%
Total comprehensive income for the year/period, net of tax	84,517	21.9%	92,680	20.1%	166,270	25.8%	45,916	33.0%	68,348	32.1%
Total comprehensive income for the year/period attributable to										
— Owners of our Company	85,085	22.1%	93,669	20.3%	165,355	25.7%	46,059	33.1%	67,455	31.7%
— Non-controlling interest	(568)	(0.1)%	(989)	(0.2)%	915	0.1%	(143)	(0.1)%	893	0.4%

We had experienced significant growth over the Track Record Period. Our total revenue grew from RMB385.4 million in 2018 to RMB460.5 million in 2019 and further to RMB643.5 million in 2020, representing a CAGR of 29.2%, and our net profit grew from RMB84.5 million in 2018 to RMB92.7 million in 2019 and further to RMB166.6 million in 2020, representing a CAGR of

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40.4%. Moreover, our revenue and net profit for the three months ended March 31, 2021 amounted to RMB212.8 million and RMB68.4 million, respectively, representing an increase of 53.1% and 46.8%, respectively, compared to the corresponding amounts for the three months ended March 31, 2020.

We expanded our knowledge management team by increasing its headcount and salaries in 2019 in anticipation of the growth of the market in 2020 and beyond. The increase in the headcount and salaries of the knowledge management team resulted in a higher cost of sales and a lower gross profit margin in 2019. However, due to the expansion of our knowledge management team in 2019, our revenue from expert consultation services increased significantly in 2020. As a result, our gross profit margin increased from 43.3% in 2019 to 51.1% in 2020.

For further details, please refer to the section headed “Financial Information — Description of Selected Components of Statements of Comprehensive Income” in this document.

Summary of Consolidated Balance Sheets

	As of December 31,			As of
	2018	2019	2020	March 31, 2021
		<i>(RMB'000)</i>		
Total current assets	338,509	466,054	612,223	644,396
Total non-current assets	31,451	28,142	40,993	38,163
Total assets	369,960	494,196	653,216	682,559
Total current liabilities	130,484	160,823	200,751	160,077
Total non-current liabilities	9,543	5,318	17,403	14,596
Total liabilities	140,027	166,141	218,154	174,673
Net current assets	208,025	305,231	411,472	484,319
Total equity	229,933	328,055	435,062	507,886
Total liabilities and shareholders' equity	369,960	494,196	653,216	682,559

Our net current assets increased from RMB208.0 million as of December 31, 2018 to RMB484.3 million as of March 31, 2021, primarily due to an increase in the cash generated from our operating activities.

Our cash and cash equivalents increased substantially during the Track Record Period, from RMB173.3 million as at December 31, 2018 to RMB382.8 million as at March 31, 2021. The general growth trend in our cash and cash equivalents during the Track Record Period was attributable primarily to changes in the cash flows from operating activities.

For further details, please refer to the sections headed “Financial Information — Discussion of Certain Selected Items from the Consolidated Balance Sheets” and “Financial Information — Liquidity and Capital Resources” in this document.

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Summary of Consolidated Statements of Cash Flow

	Year ended December 31,			Three months ended March 31,	
	2018	2019	2020	2020	2021
	<i>(RMB'000)</i>			(unaudited)	
Net cash generated from (used in)					
operating activities	97,794	100,605	220,695	(4,686)	(45,935)
Net cash (used in)/generated from					
investing activities.	(47,938)	19,324	22,318	26,828	(67)
Net cash used in financing activities .	(6,492)	(9,698)	(80,861)	(3,325)	(3,366)
Exchange gains/(losses) on cash and					
cash equivalents	5,257	2,875	(18,910)	3,512	2,476
Cash and cash equivalents at the					
beginning of the year/period.	124,688	173,309	286,415	286,415	429,657
Net increase/(decrease) in cash and					
cash equivalents	43,364	110,231	162,152	18,817	(49,368)
Cash and cash equivalents at the end					
of the year/period	<u>173,309</u>	<u>286,415</u>	<u>429,657</u>	<u>308,744</u>	<u>382,765</u>

We had net cash generated from operating activities for the year ended December 31, 2018, 2019 and 2020, which was primarily attributable to profit before income tax as adjusted by non-cash items, changes in working capital and taxes paid. During the Track Record Period, our net cash generated from/used in investing activities primarily represented the difference between cash used to purchase financial assets at fair value through profit or loss and proceeds of sale of such assets, and our net cash used in financing activities primarily represented repayment of lease liabilities and a dividend payment in 2020.

For further details, please refer to the section headed “Financial Information — Liquidity and Capital Resources” in this document.

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,			As of/for the
	2018	2019	2020	three months ended March 31, 2021
Total revenue growth (%)	30.7	19.5	39.7	53.1
Gross margin ⁽¹⁾ (%)	48.9	43.3	51.1	54.6
Net margin ⁽²⁾ (%)	21.9	20.1	25.9	32.1
Return on equity ⁽³⁾ (%)	45.1	33.4	43.9	14.6
Return on total assets ⁽⁴⁾ (%)	27.3	21.5	29.0	10.2
Debt to asset ratio ⁽⁵⁾ (%)	37.8	33.6	33.4	25.6
Current ratio ⁽⁶⁾	2.6	2.9	3.0	4.0

- (1) The calculation of gross margin is based on gross profit for the period divided by revenue for the respective period and multiplied by 100.0%.
- (2) The calculation of net margin is based on profit for the period divided by revenue for the respective period and multiplied by 100.0%.
- (3) The calculation of return on equity is based on profit for the period divided by average total equity attributable to equity holders of our Company as of the beginning and end of the period and multiplied by 100.0%.
- (4) The calculation of return on total assets is based on profit for the period divided by average total assets as of the beginning and end of the period and multiplied by 100.0%.

SUMMARY

- (5) The calculation of debt to asset ratio is based on total liabilities divided by total assets for the respective period and multiplied by 100.0%.
- (6) The calculation of current ratio is based on current assets divided by current liabilities as of period end.

Our debt to asset ratio decreased from 37.8% as of December 31, 2018 to 33.6% as of December 31, 2019, and further decreased from 33.4% as of December 31, 2020 to 25.6% as of March 31, 2021, primarily due to a year-on-year growth in cash and cash equivalents and retained earnings resulting from increased revenue and profit, which constituted a major component of our total assets, while there had not been a substantial increase in our total liabilities.

Our current ratio increased from 2.6 as at December 31, 2018 to 2.9 as at December 31, 2019, primarily due to an increase in cash and cash equivalents, and further increased to 3.0 as of December 31, 2020 and 4.0 as of March 31, 2021, primarily due to a significant increase in revenue and thus trade receivables and cash and cash equivalents.

For further details, please refer to the section headed “Financial Information — Key Financial Ratios” in this document.

OUR CLIENTS AND SUPPLIERS

Due to the high-quality and timeliness of the expert knowledge that we have made available to our clients over the years, we have built a high-quality client base that includes many large and prominent financial institutions, consulting firms and global corporations. Our top five clients accounted for 27.5%, 24.1%, 24.6% and 31.9% of our total revenue for each of the years ended December 31, 2018, 2019, 2020 and the three months ended March 31, 2021, respectively, and are all based in China. Our largest client, a financial services provider, accounted for approximately 4.2%, 7.5%, 6.8% and 8.1% of our total revenue for each of the years ended December 31, 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. For further details, please refer to the section headed “Business — Our Client Base” in this document.

Our suppliers primarily consist of experts who provide services to our clients. Our suppliers also include (i) property leasing companies (ii) telephone conference services providers (iii) conferencing services providers (iv) travel agents and (v) human resources services providers. Our top five suppliers accounted for 10.8%, 10.0%, 10.4% and 10.1% of our total purchase amount for each of the years ended December 31, 2018, 2019, 2020 and the three months ended March 31, 2021, respectively, and are all based in China. Our largest supplier, who was a property leasing company accounted for approximately 3.5%, 3.1%, 3.2% and 2.8% of our total cost of sales, selling and distribution expenses and administrative expenses for each of the years ended December 31, 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. For further details, please refer to the section headed “Business — Our Suppliers” in this document.

CLIENT BILLING AND CHARGING MODELS

We have two pricing models. We typically employ an hourly pricing model in cases where a client has requested services that can be provided primarily or exclusively by experts, and a service-package pricing model in cases where a client has requested services that require significant involvement of our operations team in addition to expert input. Under both pricing models, the price that we charge to a given client for the relevant services generally depends in significant part on factors such as the scope of such services, the related expert cost, and the time commitment required of our operations team for provision of such services.

Under the hourly model, the standardized services that we provide to the client are charged in units of one hour, on the basis of a fixed hourly rate that we have negotiated and agreed in advance with the client. Fractions of an hour are rounded in the manner that we have agreed with the relevant client. The unit hourly fee depends not only on the general factors indicated above but also in part on case-specific factors such as: (a) the number of hours of service to be provided, where we may grant volume discounts for larger assignments, and (b) the payment method selected by the client (e.g., prepayment versus payment after delivery of services, either in a lump sum or in installments).

SUMMARY

Under the service-package model, pricing can be determined either before or after we provide the relevant package of services to the client. In cases where we can determine pricing of a service package with our client prior to provision of the relevant services, the general factors indicated above are the primary factors influencing our pricing. In cases where we cannot determine pricing with our client prior to provision of services (as they involve complex consulting services the scope and duration of which cannot be readily estimated), we offer pricing after provision of customized services. In such cases, we negotiate the final price with the client based not only on the general factors indicated above, but also on a variety of factors including the client’s level of satisfaction with the specific package of services provided.

For further details, please refer to the section headed “Business — Client Billing and Charging Models” in this document.

RESEARCH AND DEVELOPMENT AND OUR INFORMATION TECHNOLOGY INFRASTRUCTURE

We have established a proprietary IT infrastructure with our industry expert network database system at its core. Our industry expert network database system collects, stores and categorizes our industry expert network database. For the year ended December 31, 2018, 2019 and 2020 and for the three months ended March 31, 2021, our total research and development expenses amounted to RMB22.7 million, RMB17.1 million, RMB20.5 million and RMB6.5 million, representing approximately 5.9%, 3.7%, 3.2% and 3.1% of our total revenue during the same periods, respectively. We plan to continue our investment in research and development activities to enhance our technology innovation and data analytics capabilities.

For further details, please refer to the section headed “Business — Research and Development and Our Information Technology Infrastructure” in this document.

SALES AND MARKETING

Brand awareness and recognition are important to the success of our business. Our sales and marketing team has a workforce of 70 employees and focuses on acquiring and growing our client base. In addition to relying upon our strong brand name and word-of-mouth referrals, our sales and marketing team conducts comprehensive analyses on potential targeted client groups through frequent on-site visits to increase client stickiness and to develop new client pipelines. We incurred advertising and promotion expenses of approximately RMB0.9 million, RMB0.9 million, RMB0.8 million and RMB0.2 million for the years ended December 31, 2018, 2019 and 2020 and for the three months ended March 31, 2021, respectively, representing 0.3%, 0.2%, 0.2% and 0.1%, of our total revenue for the same periods, respectively.

For further details, please refer to the section headed “Business — Sales and Marketing” in this document.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Mr. Xu, directly and through Shanghai Yuezhi, and Chen Rongsheng (陳榮生), were entitled to exercise the voting rights attaching to approximately 33.21% and 1.38% of the total issued Shares of our Company respectively. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Xu, directly and through Shanghai Yuezhi, and Chen Rongsheng (陳榮生) will be interested in approximately [REDACTED] of the total issued share capital of our Company. Therefore, Mr. Xu, directly and through Shanghai Yuezhi and Chen Rongsheng (陳榮生) will cease to be our Controlling Shareholders upon [REDACTED], but they will remain as our single largest group of Shareholders upon [REDACTED].

For further details, please refer to the section headed “Relationship with our Single Largest Group of Shareholders — Our Single Largest Group of Shareholders” in this document.

OUR PRE-[REDACTED] INVESTMENTS

We have eight Pre-[REDACTED] Investors, including Silk Road Fund, Pingtan Hengli, Andai Huizhi, Huijia Zhihe, Anji Kaitai, Jiang Tengzhi (蔣騰志), Shangjing Huaxi and Tian Jie (田潔).

SUMMARY

For further details, please refer to the section headed “History, Development and Corporate Structure — Pre-[REDACTED] Investments” in this document.

[REDACTED]

DIVIDEND

Other than a dividend in the amount of RMB60.0 million that was paid to shareholders in 2020, we did not pay or declare any dividend during the Track Record Period. The determination to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow status, business conditions and strategies, future operations and earnings, capital and investment requirements, level of indebtedness, and other factors that our Directors deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in the Shareholders’ meeting.

For further details, please refer to the section headed “Financial Information — Dividend” in this document.

DISTRIBUTABLE RESERVES

As of March 31, 2021, the total amount of our distributable reserves, being our retained earnings attributable to the owners of our Company, was RMB347.5 million.

[REDACTED] EXPENSES

We expect to incur a total of approximately [REDACTED] million of [REDACTED] expenses (including professional fees, [REDACTED] commissions and other fees and based on the mid-point of the indicative [REDACTED] range), representing [REDACTED]% of the gross [REDACTED] of the [REDACTED] (assuming the [REDACTED] is not exercised and the [REDACTED] is fixed at the mid-point of the indicative [REDACTED] range), of which approximately [REDACTED] is expected to be charged to profit or loss and approximately [REDACTED] is expected to be capitalized upon [REDACTED]. During the Track Record Period, we did not incur any [REDACTED] expenses.

In view of the above, [REDACTED] should note that the financial results of our Group for 2021 will be adversely affected by the non-recurring expenses in relation to the [REDACTED]. Our Directors would like to emphasize that the expenses in relation to the [REDACTED] are a current estimate for reference only, and the amounts to be charged to the profit or loss and the amounts to be capitalized are subject to adjustment due to changes in estimates and assumptions.

For further details, please refer to the section headed “Financial Information — [REDACTED] Expenses” in this document.

USE OF [REDACTED]

We estimate that the [REDACTED] from the [REDACTED] which our Company will receive, after deducting the [REDACTED] fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised, will be approximately

SUMMARY

HK\$[REDACTED] (RMB[REDACTED]), assuming an [REDACTED] of HK\$[REDACTED] (being the mid-point of the indicative [REDACTED] range). We intend to use the [REDACTED] we receive from this [REDACTED] for the following purposes:

- (i) approximately [REDACTED], or approximately HK\$[REDACTED] (RMB[REDACTED]), will be used for expanding our business operations and capabilities;
- (ii) approximately [REDACTED], or approximately HK\$[REDACTED] (RMB[REDACTED]), will be used for further developing our research capabilities;
- (iii) approximately [REDACTED], or approximately HK\$[REDACTED] (RMB[REDACTED]), will be used for enhancing our information system and IT infrastructure;
- (iv) approximately [REDACTED], or approximately HK\$[REDACTED] (RMB[REDACTED]), will be used for improving our local delivery capabilities in the Asia-Pacific region (excluding China) and the United States to clients through selective mergers and acquisitions, with a focus on targeting companies that have richer local resources; and
- (v) approximately [REDACTED], or approximately HK\$[REDACTED] (RMB[REDACTED]), will be used for our working capital and general corporate purposes.

For further details, please refer to the section headed “Future Plans and Use of [REDACTED] — Use of [REDACTED]” in this document.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Impact of COVID-19

Since December 2019, the outbreak of the COVID-19 pandemic has imposed material adverse impacts on the global economy. In response to the COVID-19 pandemic, countries around the world, including China, have adopted a wide variety of lockdown and quarantine measures in an effort to mitigate the spread of the novel coronavirus. These measures include closure of workplaces and restrictions on staff mobility and travel. To further minimize the impact of the COVID-19 pandemic on our business, we have also taken various precautionary measures, such as offering personal protection equipment such as masks to our employees, regularly checking the body temperature of our employees and closely monitoring their health conditions. So far as is known to our Directors, as of the Latest Practicable Date, there have not been any confirmed cases of COVID-19 among our employees and none of them have failed to perform their duties due to mandatory quarantine requirements.

As of the Latest Practicable Date, the domestic travel restrictions have been relaxed or cancelled in substantially all of the cities in China while normal social activities, work and production have resumed. In addition, as we have adopted effective precautionary measures and online alternative service plans, the outbreak of COVID-19 pandemic did not have any material adverse impact on the operation of any of our segments, including expert consultation services, research services and conference services.

As the COVID-19 pandemic subsides and the investment demand from investors resumes, our Directors believe that the demand for services of the industry expert knowledge services market will continue to increase in the post COVID-19 era.

No Material Adverse Change

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since March 31, 2021 (being the date on which the latest audited consolidated financial statements of our Group was prepared) and there is no event since March 31, 2021 which would materially affect the information shown in our consolidated financial statements included in the Accountant’s Report in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this document.

“Accountant’s Report”	the report of the Reporting Accountant dated for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, the text of which is set out in Appendix I of 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
“Andai Huizhi”	Andai Huizhi Equity Investment Fund (Huzhou) Partnership (Limited Partnership)* (安岱匯智股權投資基金(湖州)合夥企業(有限合夥)), a limited partnership established in the PRC on June 8, 2017 and a Pre-[REDACTED] Investor
“Anji Kaitai”	Anji Kaitai Enterprise Management Partnership (Limited Partnership)* (安吉楷泰企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 13, 2020 and a Pre-[REDACTED] Investor
“Articles” or “Articles of Association”	the articles of association of our Company, as conditionally adopted on [•], 2021 and will come into effect upon [REDACTED] (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix V to this document
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Board” or “Board of Directors”	the board of directors of our Company
“Board of Supervisors”	the board of supervisors of our Company

DEFINITIONS

“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“Capvision Elite”	Capvision Elite Limited (凱盛融英有限公司), a limited liability company incorporated in Hong Kong on June 24, 2015, and one of the directly wholly-owned subsidiaries of our Company
“Capvision Financing”	Ningbo Meishan Free Zone Port Capvision Financing Asset Management Co., Ltd.* (寧波梅山保稅港區凱盛融企資產管理有限公司), a limited liability company established in the PRC on May 22, 2018, and one of the directly wholly-owned subsidiaries of our Company
“Capvision Partners (HK)”	Capvision Partners (HK) Limited (凱盛投資諮詢香港有限公司), a limited liability company incorporated in Hong Kong on April 14, 2008 and dissolved on December 14, 2018
“Capvision Pro”	Capvision Pro Corporation, a limited liability company incorporated in the United States on April 2, 2019, and one of the indirectly non-wholly owned subsidiaries of our Company
“Capvision Rongzhi”	Huarun Rongzhi Capvision Information Consulting (Shenzhen) Co., Ltd.* (華潤融智凱盛信息諮詢(深圳)有限公司), a limited liability company established in the PRC on April 8, 2018, and accounting as an associate of our Company
“Capvision US”	Capvision Elite (US) Limited, a limited liability company incorporated in the United States on October 13, 2015, and one of the indirectly wholly-owned subsidiaries of our Company

[REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]

“Changdu Congrui”	Changdu Congrui Enterprise Management Co., Ltd.* (昌都市叢瑞企業管理有限公司), a limited liability company established under the laws of PRC on September 27, 2016 and controlled by Ye Junying (葉俊英), who is an Independent Third Party, an indirect Shareholder
“Changdu Gaoteng”	Changdu Gaoteng Enterprise Management Co., Ltd.* (昌都市高騰企業管理股份有限公司), a limited liability company established under the laws of the PRC on October 11, 2016 and owned as to 99.94% by Gortune Investment and 0.06% by Changdu Congrui, an indirect Shareholder
“China” or “the PRC”	the People’s Republic of China excluding, for the purpose of this document, Hong Kong, Macau Special Administrative Region and Taiwan
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company” or “our Company” or “the Company”	Capvision Partners (Shanghai) Corporation Limited* (凱盛融英信息科技(上海)股份有限公司), a limited liability company established in the PRC on November 24, 2008 and converted into a joint stock limited liability company on May 31, 2018, whose predecessor was known as Capvision Information Technology (Shanghai) Limited* (凱盛融英信息科技(上海)有限公司) (formerly known as Kairen Investment Consulting (Shanghai) Limited* (凱仁投資諮詢(上海)有限公司)
“Company Law” or “PRC Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Domestic Shares(s)”	ordinary Shares issued by our Company in the PRC with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
“EIT”	enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

DEFINITIONS

“financial institution(s)”	in relation to our Company’s clients, generally means fund(s), fund manager(s), securities firm(s), asset management company(ies), bank(s), insurance company(ies), trust company(ies), and company(ies) or organization(s) engaged in investment activity; in relation to participants in the financial service sectors, means financial institution(s) licensed by the relevant financial service regulator in the relevant jurisdiction
“Foreign Share(s)”	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in currencies other than Renminbi by foreign investors
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
“Frost & Sullivan Report”	the industry report commissioned by us and independently prepared by Frost & Sullivan for the purpose of this document
“G&D Enterprises”	G&D Enterprises, Inc., a limited liability company established under the laws of Texas, the United States on August 4, 2003 and wholly owned by Xu Deng, an Independent Third Party
“[REDACTED]”	[REDACTED]
“Gortune Investment”	Gortune Investment Co., Ltd.* (廣東民營投資股份有限公司), a limited liability company established in the PRC on September 8, 2016 and ultimately owned by a group of diversified institutional and individual investors (none of which holds more than 20% equity interest in Gortune Investment)
“Gortune PE Management”	Gortune Private Equity Management Co., Ltd.* (粵民投私募基金管理有限公司) (formerly known as Guangzhou Gortune Asset Management Co., Ltd.* (廣州粵民投資資產管理有限公司), a limited liability company established in the PRC on January 11, 2017 and wholly owned by Gortune Investment

DEFINITIONS

“Gortune Kanghe”	Guangzhou Gortune Kanghe Equity Investment Partnership (Limited Partnership)* (廣州粵民投康禾股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on March 12, 2018 and owned as to 0.01% by Gortune PE Management, the general partner, and 99.99% by Changdu Gaoteng, the limited partner, one of our Shareholders
“Gortune Kangjia”	Guangzhou Gortune Kangjia Equity Investment Partnership (Limited Partnership)* (廣州粵民投康嘉股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on March 12, 2018 and owned as to 0.01% by Gortune PE Management, the general partner, and 99.99% by Changdu Gaoteng, the limited partner, one of our Shareholders
“Greater China”	the PRC, Hong Kong, Macau Special Administrative Region and Taiwan, for the purpose of this document
“[REDACTED]”	[REDACTED]
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company and our subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
“H Share(s)”	overseas [REDACTED] foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are to be [REDACTED] for and [REDACTED] in Hong Kong dollars and for which an application has been made for the granting of [REDACTED] and permission to [REDACTED] in on the Stock Exchange
“[REDACTED]”	[REDACTED]
“HKFRS”	Hong Kong Financial Reporting Standards (which also include the Hong Kong Accounting Standards and Interpretations)

DEFINITIONS

[REDACTED]

“Hong Kong” or “HK” the Hong Kong Special Administrative Region of the PRC

“Hong Kong dollars” or “HK dollars” or “HK\$” Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

“Hong Kong Stock Exchange” or “Stock Exchange” The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]

“Huijia Zhihe” Huzhou Huijia Zhihe Equity Investment Partnership (Limited Partnership)* (湖州匯佳智合股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 10, 2020 and a Pre-[REDACTED] Investor

“Independent Third Party(ies)” an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with any directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of us, our subsidiaries or any of their respective associates

DEFINITIONS

[REDACTED]

“Joint Sponsors”

the joint sponsors as named in the section headed “Directors, Supervisors and Parties Involved in the [REDACTED]” in this document

DEFINITIONS

“Latest Practicable Date” August 4, 2021, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

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

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

“MOF” the Ministry of Finance of the PRC (中華人民共和國財政部)

“Mr. Xu” Xu Rujie (徐如傑), our founder, executive Director, chairman of our Board, chief executive officer and one of our Single Largest Group of Shareholders

“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)

“NPC” National People’s Congress of the PRC (全國人民代表大會)

[REDACTED]

DEFINITIONS

[REDACTED]

“PBOC”	the People’s Bank of China (中國人民銀行)
“Pingtan Hengli”	Pingtang ZUI Hengli Investment Partnership (Limited Partnership)* (平潭浙民投恒勵投資合夥企業(有限合夥)), a limited partnership established in the PRC on March 28, 2019 and a Pre-[REDACTED] Investor
“PRC Government” or “State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
“PRC Legal Advisors”	Grandway Law Offices
“PRC Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“Pre-[REDACTED] Investment(s)”	the Pre-[REDACTED] investment(s) in our Company, the details of which are set out in the section headed “History, Development and Corporate Structure” in this document
“Pre-[REDACTED] Investor(s)”	the investor(s) of the Pre-[REDACTED] Investments

[REDACTED]

DEFINITIONS

[REDACTED]

“Promoters”

38 then Shareholders as of May 31, 2018 before our conversion into a joint stock limited liability company including Mr. Xu (28.65%), Gortune Kanghe (7.85%), Tianrong Dingxin (7.41%), Tianjin Qiche (5.73%), Gortune Kangjia (4.74%), Shanghai Yuezhi (3.81%), Fang Wenyan (方文艷) (5.73%), Zhang Yiqian (章伊倩) (4.65%), Yang Fangfang (楊芳芳) (3.83%), Teng Xuejun (滕學軍) (3.53%), Li Ying (李英) (3.06%), Wang Yaning (王雅寧) (2.44%), Lin Renxin (林仁信) (2.21%), Tu Qiang (圖強) (2.15%), Guo Hongmei (郭紅梅) (1.53%), Chen Rongsheng (陳榮生) (1.38%), Jia Chenlan (賈晨瀾) (1.34%), Zhu Yuqin (祝玉琴) (1.15%), Zhang Bo (張博) (1.05%), Xu Binfeng (徐斌峰) (0.96%), Ren Pingping (任萍萍) (0.76%), Cheng Yijiang (程頤江) (0.76%), Li Ying (李鷹) (0.62%), Xuan Dongmei (宣東梅) (0.57%), Li Lantian (李藍天) (0.57%), Li Nuan (李暖) (0.46%), Liu Xiqiao (柳溪橋) (0.38%), Chen Heming (陳鶴明) (0.38%), Dai Leilei (代蕾蕾) (0.38%), Liu Jun (劉俊) (0.38%), Lu Weimin (魯為敏) (0.38%), Qin Jing (秦晶) (0.38%), Liu Chunsheng (劉春生) (0.19%), Fan Yang (范楊) (0.19%), Ji Beibei (季貝貝) (0.17%), Zhu Wei (朱韉) (0.10%), Cai Rong (蔡榮) (0.10%) and Zhu Weiyin (朱偉寅) (0.02%)

“Qianhe Capital”

Qianhe Capital (Hainan) Investment Management Center (Limited Partnership)* (千合資本(海南)投資管理中心(有限合夥)), a limited partnership established in the PRC on February 15, 2019 and owned as to 0.54% by Tianjin Qiche, the general partner, and 99.46% by Yinhua Changan Capital Management (Beijing) Co., Ltd.* (銀華長安資本管理(北京)有限公司) (“**Yinhua Chang’an Capital**”), the limited partner. Yinhua Chang’an Capital is wholly owned by Yinhua Fund Management Co., Ltd.* (銀華基金管理股份有限公司), which is in turn controlled by Southwest Securities Company Limited* (西南證券有限責任公司), a company listed on the Shanghai Stock Exchange (SSE: 600369), an Independent Third Party

DEFINITIONS

“Qualified Institution Buyer(s)” or “QIB(s)”	a qualified institutional buyer within the meaning of Rule 144A
“Regulation S”	Regulation S under the U.S. Securities Act
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reporting Accountant”	PricewaterhouseCoopers
“Ruiyuan Capital”	Ruiyuan Capital Asset Management Co., Ltd.* (瑞元資本管理有限公司), a limited liability company established in the PRC on June 14, 2013 and indirectly owned as to 53.93% by GF Securities Co., Ltd., a company listed on the Stock Exchange (HKSE: 1776), an Independent Third Party
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SASAC”	the 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)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Yuecheng”	Yuecheng Enterprise Management (Shanghai) Partnership (Limited Partnership)* (岳承企業管理(上海)合夥企業(有限合夥)), our employee shareholding platform and a limited partnership established in the PRC on April 7, 2020, the general partner of which is Tu Qiang (圖強) and the limited partners are Tu Qiang (圖強), Mr. Xu, Zhu Weiyin (朱偉寅) and 16 other employees (as to 15.44%, 9.27%, 2.32% and 72.97%, respectively), an Independent Third Party

DEFINITIONS

“Shanghai Yuesheng”	Yuesheng Enterprise Management (Shanghai) Partnership (Limited Partnership)* (岳盛企業管理(上海)合夥企業(有限合夥)), our employee shareholding platform and a limited partnership established in the PRC on April 7, 2020, the general partner of which is Ji Beibei (季貝貝) and the limited partners are Mr. Xu, Ji Beibei (季貝貝), Zhu Wei (朱韡) and other 14 employees (as to 2.08%, 1.92%, 1.92% and 94.08%, respectively), an Independent Third Party
“Shanghai Yuezhi”	Yuezhi (Shanghai) Enterprise Management Partnership (Limited Partnership)* (岳峙(上海)企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on June 16, 2016, our employee shareholding platform, the general partner of which is Mr. Xu and the limited partners of which are Shanghai Yuesheng, Shanghai Yuecheng, Xuan Dongmei (宣東梅) and Mr. Xu (as to 35.91%, 29.71%, 22.95% and 11.43%, respectively), one of our Shareholders
“Shangjing Huaxi”	Xinyu Shangjing Huaxi Investment Management Center (Limited Partnership)* (新余尚景樺溪投資管理中心(有限合夥)), a limited partnership established in the PRC on November 4, 2020 and a Pre-[REDACTED] Investor
“Share(s)”	ordinary share(s) with par value RMB1.00 each in the share capital of our Company
“Shareholder(s)”	holder(s) of Shares
“Silk Road Fund”	Zhejiang Silk Road Industry Investment Fund Partnership (Limited Partnership)* (浙江絲路產業投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on August 4, 2017 and a Pre-[REDACTED] Investor
“Single Largest Group of Shareholders”	refers to Mr. Xu and Chen Rongsheng (陳榮生), details of which are set out in the section headed “Relationship with our Single Largest Group of Shareholders” in this document
	[REDACTED]
“State Council”	the PRC State Council (中華人民共和國國務院)

DEFINITIONS

[REDACTED]

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of our Company
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended or supplemented from time to time
“Tianfeng Huiying”	Tianfeng Huiying (Wuhan) Investment Management Co., Ltd.* (天澧匯盈(武漢)投資管理有限公司), a limited liability company established in the PRC on January 27, 2014 and owned as to 65%, 20% and 15% by Jiaxing Longshi Equity Investment Fund Partnership (Limited Partnership)* (嘉興龍石股權投資基金合夥企業(有限合夥)) (“ Jiaxing Longshi ”), Chen Shi (陳實) and Wang Qiong (王瓊), respectively. Jiaxing Longshi is owned as to 1% by Beijing Longde Wenchuang Investment Fund Management Co., Ltd.* (北京龍德文創投資基金管理有限公司) (“ Longde Wenchuang ”), the general partner, and as to 99% by Beijing Hongyuan Investment Management Co., Ltd.* (北京紅源投資管理有限公司), the limited partner. Longde Wenchuang is controlled by six companies, none of which owns more than 30% of its equity interest
“Tianfeng Tianrui”	Tianfeng Tianrui Investment Co., Ltd.* (天風天睿投資股份有限公司), a limited liability company established under in the PRC on April 22, 2013 and owned as to 65.73% by Tianfeng Securities Co., Ltd.* (天風證券股份有限公司), a company listed on the Shanghai Stock Exchange (SSE 601162), an Independent Third Party

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“Tianjin Qiche”	Tianjin Qiche Enterprise Management Partnership (Limited Partnership)* (天津啓徹企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 3, 2017 and owned as to 0.01% by Wang Yawei (王亞偉), the general partner, and as to 99.99% by Tao Qin (陶勤) the limited partner, an Independent Third Party
“Tianrong Dingchen”	Tianrong Dingchen (Wuhan) Equity Investment Center (Limited Partnership)* (天融鼎宸(武漢)股權投資中心(有限合夥)), a limited partnership established in the PRC on September 19, 2016 and owned as to 1.80% by Tianfeng Huiying, the general partner, and as to 98.02% by the limited partners, namely Tianfeng Tianrui, Yehai Ruide No. 1 Chengdu Venture Capital Center (Limited Partnership)* (葉海睿德壹號成都創業投資中心(有限合夥)) and Tianfeng Huiying (as to 76.02%, 22.18% and 1.80%, respectively), an Independent Third Party
“Tianrong Dingheng”	Tianrong Dingheng (Wuhan) Equity Investment Center (Limited Partnership)* (天融鼎恒(武漢)股權投資中心(有限合夥)), a limited partnership established in the PRC on September 18, 2016 and owned as to 0.98% by Tianfeng Huiying, the general partner, and as to 99.02% by the limited partners, namely China United SME Financing Guarantee Co., Ltd.* (中合中小企業融資擔保股份有限公司) and Wuhan Shengdao Venture Capital Fund Management Co., Ltd.* (武漢晟道創業投資基金管理有限公司) (as to 98.36% and 0.66%, respectively), an Independent Third Party
“Tianrong Dingxin”	Tianrong Dingxin (Wuhan) Equity Investment Center (Limited Partnership)* (天融鼎信(武漢)股權投資中心(有限合夥)), a limited partnership established in the PRC on September 18, 2016 and owned as to 1.73% by Tianfeng Huiying, the general partner, and as to 98.27% by Tianfeng Tianrui, the limited partner, an Independent Third Party
“Track Record Period”	the three financial years of our Company ended December 31, 2018, 2019 and 2020, and the three months ended March 31, 2021

DEFINITIONS

[REDACTED]

“U.S. dollars” or “USD”	U.S. dollars, the lawful currency of the United States of America
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction.
“U.S. Securities Act”	the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
“we”, “us” or “our”	the Company or the Group, as the context requires

[REDACTED]

“ [REDACTED]” [REDACTED]

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

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

For the purpose of this document, references to “provinces” of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

* *For identification purpose only*

GLOSSARY OF TECHNICAL TERMS

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

In this document, in addition to terms defined elsewhere and unless the context otherwise requires, the following technical terms have the following meanings.

“AI”	artificial intelligence, intelligence exhibited by machines in the area of computer science that emphasizes that creation of intelligent machines that work and react like human or other natural intelligence
“big data”	the large, diverse sets of information that grow at ever-increasing rates
“CAGR”	compound annual growth rate
“cloud computing”	manipulating, configuring, and accessing the hardware and software resources remotely
“COVID-19”	the contagious respiratory illness caused by a newly identified coronavirus
“expert network”	experts who have completed the preliminary background check described in the section headed “Business — Validation of Expert Network Members — Preliminary Background Check”, who we have created an expert profile in our industry expert network database system
“GDP”	gross domestic product
“hardware”	physical elements that constitute a computer system, such as central processing unit, server, network device, monitor, mouse, keyboard and hard disk

GLOSSARY OF TECHNICAL TERMS

“industry expert network database”	agenda and topics of the meetings or consultations, including keywords or catch phrases which enables detailed classification of our industry database; logistics arrangement of the meetings or consultations; expert selection criteria; and feedbacks that we have received from clients about experts
“industry expert network database system”	an IT system which collects, stores and categorizes the industry expert network database
“IT”	information technology
“IT infrastructure”	the composite IT systems, network and related hardware and software required to serve as the foundation for building an enterprise IT environment
“IT system”	an integrated set of hardware and software components for computing usage
“machine learning”	an AI application that provides systems the ability to automatically learn and improve from experience without being explicitly programmed
“R&D”	research and development
“SME”	small and medium enterprise
“software”	any set of machine-readable instructions that directs a computer’s processor to perform specific operations
“TMT”	the technology, media, and telecom (TMT) sector is an industry grouping that includes the majority of companies focused on new technologies

FORWARD-LOOKING STATEMENTS

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

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

- our operations and business strategies and prospects;
- general domestic and global economic conditions, especially those related to the PRC, and macro-economic measures taken by the PRC government to manage economic growth;
- changes in the regulatory policies of the PRC government and other relevant government authorities relating to the industries or markets discussed herein and their potential impact on our business;
- the effects of domestic and overseas competition in the industries or markets we operate and their potential impact on our business;
- changes in pricing for our services;
- changes in regulations and restrictions;
- our ability to expand and manage our business and to introduce new services;
- future development, trends and conditions in the industries and markets in which we operate;
- changes in political, economic, legal and social conditions in the PRC, including specifically, the PRC government's policies with respect to economic growth, inflation and foreign exchange;

FORWARD-LOOKING STATEMENTS

- general economic, political and business conditions in the markets in which we operate and future developments in relation to the COVID-19 outbreak in the PRC and globally;
- changes in restrictions on foreign currency convertibility and remittance abroad;
- fluctuations in exchange rates and interest rates;
- our financial condition and performance;
- our ability to implement our business strategy, plans objectives and goals;
- our expansion and capital expenditure plans;
- certain statements in the sections headed “Business” and “Financial Information” in this document with respect to trends in prices, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this document that are not historical facts.

By their nature, certain disclosures relating to these and other risks are only estimate and should one or more of these uncertainties or risks materialize or should underlying assumptions prove to be incorrect, our financial condition and actual results of operations may be materially and adversely affected and may vary significantly from those estimated, anticipated or projected, as well as from historical results.

The forward-looking statements made in this document relate only to events or information as of the date on which the statements are made in this document. Except as required by law, we undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

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

RISK FACTORS

An [REDACTED] in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the section headed “Financial Information” in this document, before deciding to [REDACTED] in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such case, the [REDACTED] of our Shares could decline, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our growth depends on our ability to attract and retain a large community of experts, and the loss of our experts, or failure to attract new experts, could adversely impact our business.

The size of our community of experts is critical to our success. Our ability to achieve growth in the future will depend on our ability to attract new experts to, and to retain existing experts in, our ecosystem. Experts may have different ways of marketing their services and securing clients, such as meeting and contacting prospective clients through other platforms, advertising to prospective clients through other methods (online and offline) or signing up with headhunters. Any decrease in the attractiveness of our services relative to these other options available to experts or failure to retain existing experts could lead to decreased demand for our services, which could adversely impact our business, reputation, financial condition and results of operations.

In addition, if we fail to attract new experts, experts decrease their use of, or cease using, our service, the quality or types of services provided by experts are not satisfactory to clients, or experts increase their fees for services more than clients are willing to pay, clients may decrease their use of, or cease using, our service and our revenue may be adversely impacted. A key factor in attracting and retaining experts, in turn, is maintaining and increasing the number of clients using our services. Therefore, achieving growth in our community of experts may require us to increasingly engage in sophisticated and costly sales and marketing efforts.

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We cannot assure you that our services will result in additional experts or will always be successful. We also cannot predict whether any of our new service offerings will be attractive to our experts. If we fail to retain existing experts and attract new experts, our revenue may grow more slowly than expected, or at all and our business could be materially and adversely affected.

Our growth depends on our ability to attract and retain a large community of clients, and the loss of our clients, or failure to attract new clients, could adversely impact our business.

The size of our community of clients is critical to our success. Our ability to achieve significant growth in revenue in the future will depend upon our ability to attract new clients, and to retain existing clients in our ecosystem. Clients may have other options in finding experts, such as engaging experts directly, finding experts through other online or offline platforms or through staffing firms or agencies. Any decrease in the attractiveness of our services relative to these other options available to clients or failure to retain existing clients could lead to decreased engagement of our services, which could result in a drop in revenue. Our clients have high expectations on the diversity of experts to choose from and have diversified selection criteria which vary from industry to industry. Clients also expect highly tailored and result-oriented services which encompass speed and efficiency. If we fail to address the varied demands and to sustain the variety of industry knowledge offered, or if we are unable to locate suitable expert candidates for clients within a tight schedule utilizing our industry expert network database system, we may not be able to attract new clients or to retain existing clients and our business, financial condition and results of operations could be adversely affected.

Our clients are predominantly financial institutions, and we may be affected by the development of the financial institution industry.

During the Track Record Period, our revenue generated from financial institutions accounted for a majority of our total revenue. Therefore, our business development and growth are heavily reliant on the performance of the financial institution industry, which may be affected by, among others, legal, economic and regulatory developments relating to the financial institution industry. Therefore, any adverse legal, economic or regulatory development to the financial institution industry may materially and adversely affect our business, financial position and results of operations.

RISK FACTORS

If the industry expert knowledge services market is not sustained or develops more slowly than we expect, our growth may slow or stall, and our results of operations could be adversely affected.

The industry expert knowledge services market is relatively new and rapidly evolving. Our future success will depend on the continued growth and expansion of this market and the willingness of the clients to engage experts to provide services. It is difficult to predict the size and growth of this market, whether there would be entry of services that are competitive to ours, whether existing competitive services would succeed, or the extent to which technological and other developments will impact the overall demand in the industry expert knowledge services market. Furthermore, some of our clients may be unwilling to engage experts for a variety of unexpected reasons. If the industry expert knowledge services market does not achieve widespread adoption, or there is a reduction in demand for expert services, our business, financial condition and results of operations could be materially and adversely affected.

Current competitors may also consolidate or be acquired by an existing or prospective competitor, which could result in the emergence of a stronger competitor, leading to a potential loss of market share for us. If we are unable to compete effectively, successfully and in an effective manner against our existing and future competitors, our business, financial condition and results of operations could be materially and adversely affected.

Clients and experts may circumvent our service, which could adversely impact our business.

Our business depends on clients and experts conducting consultations through our service. Despite our efforts to prevent them from doing so, clients and experts may circumvent our service and engage with or pay each other through other means to avoid the service fees that we charge. Moreover, experts, after utilizing our service in building their reputation and brand and growing their clientele base, could choose to market their services and skills elsewhere and transact with clients outside our service. The loss of revenue associated with circumvention of our service could have an adverse impact on our business, financial condition and results of operations.

If we fail to develop, maintain and enhance our brand and reputation effectively, our business and financial condition may be adversely affected.

We believe that developing, maintaining and enhancing awareness and integrity of our brand and reputation in an effective manner are of significant importance in achieving widespread acceptance and use of our services and in attracting new clients and experts and retaining existing ones. Successful advancement of our brand and our services depends on, among other things, our ability to execute and deliver high-quality services efficiently, our ability to provide reliable, trustworthy and practical services at competitive prices, the perceived value of our services and

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our ability to provide high-quality support. If we fail to attract new or retain the right experts, or if we are unable to address clients' demands and the quality of services expected of us, our business, financial conditions and results of operations may be adversely affected.

We also rely on our community of clients and experts in a variety of ways in enhancing our brand and reputation, including their willingness to provide us with feedbacks regarding our services. For some clients with good credit records, our fees generated are determined after we provide the relevant package of services to the clients based in part on certain general factors and in part on their level of satisfaction with the services provided. Their level of satisfaction may depend on feedbacks from their ultimate customers, which is outside our control. If we fail to receive positive feedbacks on our services, it could negatively impact the willingness of prospective clients and experts to engage with our services. Moreover, negative publicity, regardless of its veracity, about us or our business, Shareholders, affiliates, Directors, senior officers, employees or partners, or about the industry in which we operate, can harm our operations. If we fail to develop, maintain and enhance our brand and reputation successfully or to maintain loyalty among our clients and experts, we may fail to attract new clients and experts or to retain existing ones, and our business, financial condition and results of operations may be adversely affected.

If we fail to maintain and improve the quality of our services, we may not be able to attract and retain clients and experts.

Our value proposition to our experts is the provision of a platform that helps them create further value by leveraging their professional knowledge and expertise, whereas our value proposition to our clients is our ability to quickly arrange in-depth and highly tailored for them with well-qualified industry experts. In order to satisfy the requirements of both our clients and our experts, we need to continue to improve their experience in general as well as to innovate and introduce features and services that our clients and experts find useful and that lead them to use our services more frequently. Our ability to provide effective support is largely dependent on our ability to attract and retain employees who are well versed in our services. Any failure to maintain high-quality services, or a market perception that we do not maintain high-quality services, could harm our brand and reputation and adversely affect our ability to market the benefits of our services to existing and prospective clients and experts. If we are unable to improve or maintain the quality of our services, our business, financial condition and results of operations could be adversely affected.

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Personal and other information provided by experts may be inaccurate, misleading, erroneous or fraudulent, which could harm our reputation and prospects.

Due to our continual business expansion, the number of experts in our industry expert network database system is expected to increase correspondingly. In order to better manage our growing expert network, we take a holistic and proactive approach when engaging experts and carry out a series of validation procedures on each prospective expert network member before recommending the expert to our clients for selection. For further details, please refer to the section headed “Business — Our Expert Network — Validation of Expert Network Members” in this document. However, we cannot assure you that all information provided by experts will remain true and accurate at all times, or that the experts have not provided inaccurate, misleading, erroneous or fraudulent information to us. If any expert has engaged in or engages in intentional misconduct by providing such information to us, our brand, reputation and business prospects may be materially and adversely affected.

If our experts violate our terms and conditions and act in breach of contractual obligations that they owe to current or former employers or other third parties, our business, financial condition and results of operations may be adversely affected.

Prior to engaging in any expert consultations, our experts are required to expressly accept our terms and conditions, which include, among others, a representation that providing services to our clients will not be in breach of any contractual or other obligations that he/she may have to any third parties, including current and former employers. However, we cannot assure you that members of our expert network will not be in breach of any confidentiality agreement or other contractual obligation which are imposed on them by their past or present employers. If our experts act in breach of contractual obligations that they owe to current or former employers or other third parties or otherwise violate our terms and conditions, the quality of our services, our brand and reputation, and our business, financial condition and results of operations may be materially and adversely affected.

Members of our expert network could engage in certain intentional or negligent misconduct or violation of laws or rules, which would harm our brand and reputation.

We may be exposed to the risks of misconduct or violation of laws or rules committed by members of our expert network. Certain restricted persons are subject to prohibitions or certain restrictions in respect of acting as external experts. For further details of the major applicable laws and regulations in China relating to such restrictions, please refer to the section headed “Regulatory Overview” in this document. We take a holistic and proactive approach when engaging experts and carry out a series of validation procedures on each prospective expert network member before we recommend to our clients. However, as we conduct transactions with a

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substantial number of experts, we cannot assure you that such measures would be sufficient to ensure that none of our experts are restricted persons and that no misconduct or violation of law has been committed by members of our expert network. Any such misconduct or violation of law could have a material adverse effect on our brand and reputation. In addition, fraud or other intentional or negligent misconduct by members of our expert network may also involve engaging in misrepresentation directly to clients, misappropriating third-party intellectual property and other proprietary rights, and engaging in bribery or other unlawful payments. In any such event, we could, as a result, incur liability to our clients for fraud or misconduct committed by members of our expert network. Any such claims could subject us to costly litigation and impose a significant strain on our financial resources and the attention of management personnel regardless of whether the claims have merit, any of which could result in client complaints or regulatory and legal liabilities. The terms of our contracts with certain clients require us to notify them of relevant regulatory investigations, which could lead to cancellation of contracts or decreased utilization of our service by such clients. Any of the foregoing could result in serious harm to our business, brand and reputation, financial condition and results of operations.

Insights that members of our expert network provide to clients may be inaccurate, misunderstood or misleading, which could harm our reputation, results of operations and prospects.

We derive a substantial majority of our revenue from arranging experts to provide business and industry insights to clients. Business and industry insights involve the exercise of judgment and can sometimes be highly subjective. Insights that members of our expert network provide to clients may be case-specific and may not apply to the particular scenarios that the clients face. Moreover, even in cases where the relevant expert has insights that would be directly applicable to the particular scenario faced by the client, the manner in which the expert communicates such insights may give rise to misunderstandings. Any mismatch between the situation faced by a client and the insights effectively communicated by an expert whom we introduce to that client can result in an unhelpful or unsatisfactory client experience. We have introduced a feedback system, which clients can use to provide reviews on the relevant experts or to file complaints based on their experience, and it also serves as a channel for us to investigate and address clients' complaints accordingly. If any major or important client has unhelpful or unsatisfactory experiences with experts whom we have introduced to them, it could have a material adverse effect on our reputation, results of operations and prospects.

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Our business may suffer if we do not successfully manage the current and potential growth of our management and operational capacity.

We have grown significantly in recent years, and we intend to continue to expand the scope and geographic reach of our services. Our total revenue increased from RMB385.43 million in 2018 to RMB460.55 million in 2019 and further to RMB643.48 million in 2020, representing a CAGR of 29.22%. Our anticipated future growth will likely place significant demands on our management and operational capacity. Our success in managing our growth will depend, to a significant degree, on the ability of our senior management to operate effectively, and on our ability to improve and develop our financial and management information systems, controls and procedures. In addition, we will likely have to successfully adapt our existing systems and introduce new systems, expand, train and manage our employees and improve and expand our marketing capabilities.

If we are unable to properly and prudently manage our operations as we grow, or if the quality of our service or support deteriorates due to mismanagement, our brand and reputation could be severely harmed, and our business, financial condition and results of operations could be materially and adversely affected.

The trend of our historical operating results may not be indicative of our future financial performance.

Although we experienced stable revenue and profit growth during the Track Record Period, we cannot assure you that we can sustain such growth in the future. Our future profitability will depend on a variety of factors, including our ability to control costs and operating expenses, our ability to successfully anticipate and address the evolving needs of our clients and experts, as well as our ability to further develop and implement monetization strategies in a cost-effective manner. You should take into account the risks and uncertainties frequently encountered by companies in rapidly evolving markets. Our operating results in any given time can be influenced by numerous factors, many of which are unpredictable or are outside of our control, such as:

- our ability to maintain and grow our community of experts and clients;
- the demand for and types of skills and services that are offered by experts;
- spending patterns of clients, including whether those clients who use our services frequently, or for larger services, reduce their spending or stop using our services;
- changes to our client billing and charging models;

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- our ability to introduce new features and services and enhance our existing services and our ability to generate significant revenue from new features and services;
- our ability to respond to competitive developments, including pricing changes and our measures in responding to the introduction of new products and services by our competitors;
- changes to financial accounting standards and the interpretation of those standards that may affect the way we recognize and report our financial results;
- costs related to the expansion of our businesses, talents, technologies or intellectual property, including increase in fees paid to experts for consulting services and potentially significant amortization costs and possible impairments;
- security or data privacy breaches and associated remediation costs;
- litigation, adverse judgments, settlements, or other litigation-related costs;
- fluctuations in currency exchange rates; and
- general economic and political conditions and government regulations in the countries where we currently have significant numbers of clients and experts, or where we currently operate or may expand to in the future.

We face intense competition and could lose market share due to the development of existing and new competitors, which could materially and adversely affect our business, financial condition and results of operations.

The global industry expert knowledge services market is competitive, subject to changing technology and rapidly evolving. We face constant pressure to attract and retain clients and high-quality experts, expand the market for our services, maintain a technological edge and provide our value propositions to our clients and experts. We face competition in our various lines of service from a number of online and offline service providers and from competitors domestically and internationally. Our competitors may include:

- Global expert knowledge and consultation service providers that cover a spectrum of sectors with a market presence where we operate or intend to operate;
- Local or regional expert platforms that target business and individual demands for business insights and local knowledge, whose fees tend to be highly competitive;

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- Fully automated on-line expert knowledge platforms that compete with us on both responsiveness and fee; and
- Renowned qualified experts who provide freelance services.

Local competitors might have greater brand recognition than we have in their local territories and a better understanding of the local culture and commercial environment. They may also offer their products and services in local languages that we do not offer. As our business grows internationally, we may increasingly compete with these local and regional companies.

In addition, well-established internet companies, social networking websites and career-related internet portals have entered or may enter the market for freelance services. These or other powerful companies that have extensive and loyal user bases in the geographic markets where we operate or intend to operate may decide to directly target our users, thereby intensifying competition in our market. Moreover, in the future, we may also compete with companies that utilize emerging technologies, such as AI, big data analysis and machine learning.

Failure to deal effectively with any fraud perpetrated, fictitious transactions and illegal activities could materially and adversely affect our business.

We face risks with respect to fraudulent and illegal activities in the course of our business. Compliance requirements on our service relating to expert authentication and fraud detection are comprehensive and complex. If our compliance measures do not succeed, our business may be adversely impacted. In addition, bad actors around the world use increasingly sophisticated methods to engage in illegal, fraudulent and collusive activities, such as unauthorized use of another's identity or payment information, unauthorized acquisition or use of credit or debit card details and bank account information and other fraudulent use of another's identity or information. Any such illegal, fraudulent or collusive activity could result in one or more of the following, each of which could adversely affect our business:

- we may be subject to additional risk and liability exposure, including negligence, fraud or other claims, if employees or third-party service providers, including experts that provide services to us, misappropriate expert information for their own gain or facilitate the fraudulent use of such information;
- if, for example, experts misstate their qualifications or location, provide information, perform services they are not qualified or authorized to provide, or produce insufficient or defective work product or work product with a negative effect, clients or other third parties may seek to hold us responsible for the experts' acts or omissions and may lose confidence in our service, decrease or cease their use of our service, or seek to recover damages and costs; and
- we may suffer reputational damage as a result of the occurrence of any of the above.

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Despite measures we have taken to detect and reduce the risk of this kind of conduct, we do not have full control over our experts and cannot ensure that any of our measures will stop illegal or improper uses of our services.

Errors, defects or disruptions in our service could impact our brand, subject us to liability, and materially and adversely affect our business, financial condition and results of operations.

Our IT systems could contain undetected errors, or "bugs," that could adversely affect their performance. Our service is highly dependent on the performance and reliability of internet infrastructure, accessibility of bandwidth and servers to our service provider's networks and the continuing performance, reliability and availability of our technology platform. Telecommunications capacity constraints may impede further development of the internet to the extent that users experience delays, transmission errors and other difficulties.

We update our website and WeChat accounts from time to time. These updates may contain undetected errors when first introduced or released, which may cause disruptions in our services, and may, as a result, cause us to lose market share. In addition, any errors, defects, disruptions in service, or other performance or stability problems with our service could result in negative publicity, loss of or delay in market acceptance of our service, loss of competitive position, our inability to timely and accurately maintain our financial records, inaccurate or delayed invoicing of clients, delay of payment to us or experts, or claims by users for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help solve the issues. Accordingly, these could adversely impact our brand and reputation, financial condition and results of operations.

If we experience a security breach and unauthorized parties obtain access to our clients and experts data, or our services, networks, or other systems, our services may be perceived as insecure, our reputation may be harmed and we may incur significant legal liabilities and our business could be adversely affected.

Our business involves the storage, processing and transmission of clients' and experts' proprietary, confidential and personal data. We also maintain certain other proprietary and confidential data relating to our business and personal data of our personnel, clients and experts. Any security breach or incident that we experience could result in unauthorized access to, misuse of, or unauthorized acquisition of our or our users' data, the loss, corruption, or alteration of this data, interruption in our operations, or damage to our computers or systems or those of our users. Data security breaches and other cybersecurity incidents may also occur from non-technical means, for example, actions by employees or contractors. Any compromise of our security could result in violations of applicable security, privacy or data protection, consumer and other laws, regulatory or other governmental investigations, enforcement actions and legal and financial exposure including potential contractual liability, in all cases that may not always be limited to the amounts covered by our insurance. Any or all of these issues could negatively impact our ability to attract

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new clients and experts or increase engagement by existing clients and experts, subject us to third-party lawsuits, regulatory fines or other action or liability, thereby harming our brand and reputation, business, financial condition and results of operations.

Changes in laws or regulations relating to privacy or the protection or transfer of personal data, or any actual or perceived failure by us to comply with such laws and regulations or our privacy policies, could adversely affect our business.

In order to recruit suitable experts and to validate their relevant experience, we receive, store, process, transfer and use certain personal information and data of our experts from time to time. The effectiveness of our technology and our ability to offer our service relies on the collection, storage and use of such data concerning clients and experts, including personally identifying or other sensitive data. Our use of such data might raise privacy and data protection concerns, which could negatively impact our ability to offer our services. Privacy and data protection laws could restrict or add regulatory and compliance processes to our ability to effectively use and profit from those services.

Our industry expert network database system collects, stores and categorizes our industry expert network database. We are subject to numerous laws and regulations that address privacy, data protection and the storing, sharing, use, disclosure and protection of certain types of data in various jurisdictions. These laws, rules and regulations evolve frequently and their scope may continually change, through new legislation, amendments to existing legislation and changes in enforcement. Changes in laws or regulations relating to privacy, data protection and information security, particularly any new or modified laws or regulations that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer (in particularly cross-border transmission) or disclosure, could greatly increase our operating costs, require significant changes to our operations or even prevent us from providing certain services in jurisdictions in which we currently operate or in which we may operate in the future.

Despite our efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection and information security, it is possible that our practices or services could fail to meet all of the requirements imposed on us by such laws, regulations or obligations. Any failure on our part to comply with applicable laws or regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in unauthorized access, use or release of personally identifiable information or other data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, could damage our reputation, discourage new and existing clients and experts from using our service or result in fines or other penalties by government agencies and private claims or litigation, any of which could adversely affect our business, financial condition and results of operations. Even if our practices are not subject to legal challenge, the perception of privacy concerns, whether or not valid, may harm our reputation and brand and adversely affect our business, financial condition and results of operations.

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Our business depends significantly on our ability to attract and retain talented employees, including our senior management and key personnel. If we fail to retain and motivate our personnel and attract new talent, we may not be able to grow effectively.

We believe our success has depended, and our future success depends, on the efforts and talents of our senior management team, which is led by our founder, executive Director, chairman of our Board, chief executive officer and one of our Single Largest Group of Shareholders, Mr. Xu. We cannot assure you that the services of any of our senior management will continue to be available to us in the future. In addition, from time to time, there may be changes in our senior management team that may be disruptive to our business. If our senior management team, including any new hires that we may make, fails to work together effectively to execute our business plans and strategies on a timely basis, our business could be harmed.

Our future success will also depend on our continued ability to identify, hire, develop, motivate and retain exceptional talents which would require significant time, expense and attention. We must also continue to focus on retaining our best talents. If we are not able to increase and retain our talents effectively, we may experience labor shortage, our ability to achieve our strategic objectives may be adversely impacted and our business may be harmed.

We also rely on our employees to retain our existing clients and experts and attract new clients and experts, and rewarding them for excellent performance is crucial for our business success. We currently have in place a compensation scheme for our account managers that includes merit-based incentive criteria, such as total number of hours called to existing and potential clients and numbers of customer accounts acquired and retained. We may need to increase or adjust our sales compensation level and structure from time to time in order to retain our skilled employees. If competition in our industry further intensifies, it may be more difficult for us to hire, motivate and retain highly skilled personnel, which may adversely affect our business, financial condition and results of operations.

Our revenue growth and ability to achieve and sustain profitability will depend in part on our ability to expand our sales force and increase the productivity of our sales force.

In order to increase our revenue and achieve and sustain profitability, we must increase the size of our sales force and generate additional revenue from existing and prospective clients. There is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large, on our success in recruiting, training and retaining sufficient numbers of sales and sales support personnel to support our growth. New sales personnel require significant training and can take a number of months to achieve full productivity. We may also be unable to hire or retain a sufficient number of qualified sales personnel. Furthermore, hiring sales personnel in new markets requires additional costs that we may not recover if the sales personnel fail to achieve full productivity. If we are unable to hire

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and train a sufficient number of effective sales personnel, or if our sales personnel are not successful in obtaining new business or increasing sales with our existing user base, our business, financial condition and results of operations will be adversely affected.

If we fail to protect or enforce our intellectual property rights, our business, financial condition, and results of operations could be materially and adversely affected.

We rely on various intellectual property rights, including copyrights, trademarks, trade secrets protection and confidentiality provisions to protect our intellectual property rights and business know-how. In order to protect our brand, we register our trademarks and expend resources to prevent others from using the same or substantially similar marks. Even though we have sought copyright registrations or trademark protection for our service, any third-party may still obtain, copy, reverse engineer or use without our authorization our intellectual property. Moreover, our pending trademark applications may not be approved, or competitors or others may challenge the registrability of our trademarks or the trade secret status of our proprietary information. Our copyrights, trademarks, trade secrets, and other intellectual property rights may not provide us a significant competitive advantage. There is no assurance that the particular forms of intellectual property protection that we seek, including business decisions about when and how to maintain and protect trade secrets, will be adequate to protect our business.

The laws of some countries do not provide the same level of protection for our intellectual property as do the laws of China. As our global reputation grows and/or we expand our presence internationally, our exposure to unauthorized copying and use of our service and proprietary information will likely increase. Despite our precautions and our efforts to protect our intellectual property rights, our intellectual property is vulnerable to unauthorized access through our employees, experts or clients or third-party error or actions, theft, cyber security incidents, and other security breaches and incidents. It is possible for third parties to infringe upon or misappropriate our intellectual property, to copy our IT infrastructure, and to use information that we regard as proprietary to create products or services that compete with ours. We may need to spend significant additional resources to secure, monitor and defend our intellectual property rights domestically and internationally, which could be costly, time consuming, and distracting to management and could impair our business or adversely affect our domestic and international expansion. Moreover, we may or may not be able to detect infringement by third parties in a timely manner, our competitive position could be materially or adversely affected.

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We may be vulnerable to intellectual property infringement claims brought against us by others.

We are subject to the risk that experts using our network for consultations with clients may share information with clients that is subject to intellectual property rights of third parties, such as businesses that employ such experts. In the event that an expert using our network shares information with a client that is subject to third-party intellectual property claims, there is a significant risk that such third parties would make claims against us as well as against the relevant expert.

We also rely to some extent on third-party intellectual property, such as licenses to use software to operate our business and certain other copyrighted works. A successful infringement claim against us could result in monetary liability or a material disruption in our business. Although we require our employees not to infringe others' intellectual property, we cannot be certain that aspects of our service, content and brand names do not or will not infringe on valid patents, trademarks, copyrights or other intellectual property rights held by third parties. We may be subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of business.

We may incur substantial expenses in defending against third party infringement claims, regardless of their merit. Additionally, due to diversion of management time, expenses required to defend against any claim and the potential liability associated with any lawsuit, any significant litigation could significantly harm our business, financial condition and results of operations. If we were found to have infringed on the intellectual property rights of a third party, we could be liable to that party for license fees, royalty payments, lost profits or other damages, and the owner of the intellectual property may be able to obtain injunctive relief to prevent us from using the technology, software or brand name in the future. If the amount of these payments were significant, if we were prevented from incorporating certain technology or software into our service or if we were prevented from using our brand names, our business, financial condition and results of operations could be materially and adversely affected.

Having an international community of clients and experts and engaging clients and experts internationally exposes us to risks that may materially or adversely affect our business, financial condition and results of operations.

Our clients and experts have a global footprint that subjects us to risks inherent in conducting business internationally. We have clients and experts located in many countries and regions, including some emerging markets where we have limited experience, where challenges can be significantly different from those we have faced in more developed markets and where business practices may create greater internal control risks. Because our services are generally accessible worldwide, one or more jurisdictions may claim that we or our clients or our experts are required to comply with their laws. Laws outside of China regulating internet, payments, escrow, privacy and data protection, taxation, terms of service, website accessibility, consumer protection,

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intellectual property ownership, services intermediaries, labor and employment, worker classification and background checks, among others, which could be interpreted to apply to us, are often less favorable to us than those in China and the United States, giving greater rights to competitors, clients and experts and other third parties.

Compliance with international laws and regulations may substantially increase our cost of doing business and we may also be subject to multiple overlapping legal or regulatory regimes that impose conflicting requirements and enhanced legal risks. Although we have implemented compliance policies and procedures in relation to the compliance with these laws and regulations, we cannot assure you that we will always maintain compliance or that all of our employees, experts, clients and business partners will comply. We cannot predict how new laws and regulations enacted in jurisdictions which we already operate in may require us to incur substantial additional compliance costs, or to adapt our business model in ways that could diminish our profitability. If we are unable to comply with these laws and regulations or manage the complexity of global operations and supporting an international clients and experts base successfully, our business, financial condition and results of operations could be materially and adversely affected.

Expansion into markets outside China is important to the growth of our business, and if we do not manage the business and economic risks of international expansion effectively, it could materially and adversely affect our business and results of operations.

We expect to continue to expand our international operations, which may include opening offices in new jurisdictions and providing our services in additional languages. For further details, please refer to the section headed “Business — Business Strategies — Expand our geographic footprint internationally” in this document. Any new markets or countries into which we attempt to advertise our services may not be receptive. For example, we may not be able to expand further in some markets if we are not able to satisfy offshore government requirements. In addition, our ability to manage our business and conduct our operations internationally requires considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems, alternative dispute systems and commercial markets. International expansion has required, and will continue to require, investment of significant capital and other resources. Operating internationally subjects us to new risks and may increase risks that we currently face, including risks associated with:

- recruiting and retaining talented and capable employees outside of China and maintaining our company culture across all of our offices;
- providing our services and operating our business across a significant distance, in different languages and among different cultures, including the potential need to modify our services and features to ensure that they are culturally appropriate and relevant in different countries;

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- compliance with applicable international laws and regulations, including laws and regulations with respect to privacy, data protection, consumer protection and unsolicited email, and the risk of penalties to our clients and experts and individual members of management or employees if our practices are deemed to be out of compliance;
- operating in jurisdictions that do not protect intellectual property rights to the same extent as does China;
- compliance by us and our business partners with anti-corruption laws, tariffs, trade barriers, economic sanctions and other regulatory limitation on our ability to provide our services in certain international markets;
- political and economic instability;
- fluctuations in currency exchange rates; and
- higher costs of doing business internationally, including increased accounting, travel, infrastructure and legal compliance costs.

In addition to the foregoing, as we seek to expand into foreign jurisdictions, developments in relations between China and such foreign jurisdictions could adversely affect our reputation among clients and experts or make it difficult for us to obtain required regulatory approvals. For further details, please refer to the paragraph headed “Risks Relating to Doing Business in China — Developments in relations between China and other countries may affect our business operations” in this section.

One of our lessors failed to provide relevant title certificates with respect to our leased properties in the PRC and our lease agreements were not registered with the relevant government authorities.

During the Track Record Period, the lessor failed to provide valid title certificates with respect to our leased properties in Shanghai. For further details, please refer to the section headed “Business — Properties” in this document. If the lessor is not the owner or not authorized by the real owner to lease the properties to us, we might need to seek alternative properties and incur additional costs relating to such relocation. Any dispute or claim in relation to the rights to use or lease of the properties occupied by us, including any litigation involved allegations of illegal or unauthorized use of these properties, may require us to relocate our business premises. If any of our leases were terminated as a result of any challenge by third-parties or any failures of our landlords to renew the leases or obtain their legal titles or the requisite government approval or consent to lease the relevant properties, we may need to seek alternatives premises and incur additional costs for relocation. During the Track Record Period, the lease agreements entered into by us were not registered with the relevant government authorities. For further details, please refer

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to the section headed “Business — Properties” in this document. We may be subject to fines for the failure to register the lease agreements, which could disrupt our financial conditions and results of operations.

If we are unable to acquire and integrate suitable businesses, investment targets or strategic partners or to achieve expected benefits of such acquisitions, investment targets or strategic partnerships, our business, financial condition and results of operations may be materially and adversely affected.

As part of our growth strategies, we intend to expand our presence in the Asia-Pacific Region (excluding China) through selective mergers and acquisitions. For further details, please refer to the section headed “Business — Business Strategies — Selective mergers and acquisitions” in this document. An acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures. We may encounter difficulties assimilating or integrating the businesses, technologies, products, services, personnel or operations of the acquired companies if the key personnel of the acquired companies choose not to work for us, if an acquired company’s software is not easily adapted to work with ours, or otherwise. Any such acquisition may require a significant commitment of management time, capital investment and other resources, or at all. We may not be successful in identifying and negotiating acquisitions on terms favorable to us. Any such acquisition could involve us taking on debt or give rise to new liabilities. If we are unable to effectively integrate an acquired business, our business, financial condition and results of operations may be materially and adversely affected.

Failure to comply with applicable anti-corruption, anti-bribery, anti-money laundering, sanctions and other relevant laws and regulations could subject us to penalties and other adverse consequences.

We are subject to anti-corruption, anti-bribery, anti-money laundering and other relevant laws and regulations in the PRC and other countries where we conduct activities or have clients or experts. We face significant risks if we fail to comply with the applicable laws, such as prohibiting companies and their agents and third-party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or other benefits to government officials, political parties and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person or securing any advantage. We have implemented anti-corruption, anti-bribery and anti-money laundering policies to address the requirements under the applicable laws. We also review our internal compliance procedures from time to time to ensure that we have adequate measures on sanctions risks. Nonetheless, we may be subject to fines or other penalties in one or more jurisdictions in the event that we engage in any activity, intentionally or not, that results in a violation of the applicable laws. Our internal compliance procedures seek to identify restricted persons who are not eligible to join our expert network, and those who otherwise do not meet our internal compliance procedures including sanction screening procedures. We may not be able, however, to conduct due diligence on business or personal relationships between members of our

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expert network who may be restricted persons including government, political party officials or sanctioned persons. Accordingly, we cannot assure you that members of our expert network will not take actions in violation of our policies or applicable law for which we may ultimately be held liable.

Any violation of applicable anti-corruption, anti-bribery, anti-money laundering, sanctions or other laws or regulations could result in governmental or regulatory investigations, civil or criminal fines or other sanctions, whistleblower complaints and adverse publicity, which could have an adverse effect on our reputation, business, operating results and prospects. In addition, responding to any enforcement action may result in a significant diversion of management's attention and significant defense costs and other professional fees.

We may be subject to escrow, payment services and money transmitter regulations that may materially and adversely affect our business.

The application of laws and regulations related to escrow, money transmission and the handling or moving of money is complex and uncertain, particularly as they relate to new and evolving business models. If we are or have at any point in time been in violation of one or more escrow or money transmitter or other similar statutes or regulatory requirements related to the handling or moving of money in any jurisdiction, we may be subject to the imposition of fines, users in the relevant jurisdiction may be unable to use our service, we may be subject to civil liability or criminal liability and our business, financial condition and results of operations could be materially and adversely affected.

Our failure to make filings or obtain or renew certain approvals, licenses, permits and certificates required for our business may materially and adversely affect our business, financial condition and results of operations.

Pursuant to the relevant laws, regulations and relevant regulatory practice by governmental authorities, we are required to make various filings with, or obtain and maintain various approvals, licenses, permits and certificates from, relevant authorities to operate our business. Some of such approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Any failure to make filings or obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions thereunder, including fines or orders issued by the relevant regulatory authorities causing operations to cease, and may include corrective measures requiring capital expenditure or remedial actions, which could materially and adversely affect our business, financial condition and results of operations. There is also no assurance that the relevant authorities would not take any enforcement action against us. In the event that such enforcement action is taken, our business operations could be materially and adversely disrupted.

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Furthermore, if the interpretation or implementation of existing laws and regulations changes, or new regulations come into effect requiring us to make any additional filings or obtain any additional approvals, permits, licenses or certificates that were previously not required to operate our existing businesses, we cannot assure you that we will successfully make such filings on time or obtain such approvals, permits, licenses or certificates. Our failure to make the additional filings or obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, decrease our revenues and/or increase our costs, which could materially reduce our profitability and prospects.

Our business is subject to a variety of laws, regulations and licensing requirements, both in China and internationally, many of which are evolving. Failure to comply with existing requirements, or measures necessary to comply with new laws or regulations, may have a material adverse effect on our business, reputation, financial condition and results of operations.

We are subject to a variety of foreign and domestic laws. Laws, regulations and standards governing issues such as worker classification, employment, payments, confidentiality obligations, whistleblowing, intellectual property, consumer protection, taxation, privacy, and data privacy are often complex and subject to varying interpretations, in many cases, due to their lack of specificity, and as a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies. As our geographical presence expands, regulatory bodies or courts may claim that we, or our service, or our clients or experts, are subject to additional requirements, for example, licensing requirement, or are restricted from providing industry expert knowledge services, or are prohibited from conducting our business in or with certain jurisdictions, either generally or with respect to certain services. It is also possible that certain provisions in agreements with our service providers or between us and our clients and experts may be found to be unenforceable or not compliant with applicable law. As we look to expand our international footprint in the future, we may become obligated to comply with additional laws and regulations of the countries or markets in which we operate or have experts. If we are unable to comply with these laws and regulations or manage the complexity of global operations and supporting an international user base successfully, our business, financial condition or results of operations could be adversely affected.

In addition, we are required to obtain and maintain applicable licenses, permits and approvals from various regulatory authorities in order to conduct our business in connection with our provision of expert consultation services, research services and conference services. Relevant government authorities may require us to obtain additional licenses, permits or approvals so that we can continue to operate our existing or future businesses or otherwise prohibit our operation of the types of businesses to which the new requirements apply. In the event that we fail to comply with relevant licensure maintenance requirements, our existing licenses could expire without renewal or could be revoked.

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Moreover, new laws and regulations adopted in the future relating to the industry expert knowledge services industry, or new interpretations of existing laws relating to such industry, may require us to adapt our business model in ways that would adversely affect our profitability. New laws and regulations adopted in the future relating to the industries in which key clients operate, or new interpretations of existing laws and regulations relating to such industries, may cause them to reduce their utilization of our service. We also cannot assure you that governmental authorities in the key markets in which we operate will not enact new laws and regulations to govern the industry expert knowledge services market. Compliance with any such new laws, regulations or interpretations could have a material adverse effect our business.

Future litigation or other legal proceedings could have a material adverse impact on our financial condition and results of operations.

From time to time, we may be subject to litigation or other legal proceedings. The outcome of any litigation or other legal proceedings, regardless of its merits, is inherently uncertain. For example, in terms of litigation, regardless of the merits of any claims that may be brought against us, pending or future litigation could result in a diversion of management's attention and resources and reputational harm, and we may be required to incur significant expenses defending against these claims. If we are unable to prevail in litigation, we could incur substantial liabilities. We may also determine that the most cost-effective and efficient way to resolve a dispute is to enter into a settlement agreement. Where we can make a reasonable estimate of the liability relating to pending litigation and determine that it is probable, we record a related liability. As additional information becomes available, we assess the potential liability and revise estimates as appropriate. However, because of uncertainties relating to litigation or other legal proceedings, the amount of our estimates could be wrong as determining reserves for pending litigation is a complex, fact-intensive process that is subject to judgment calls. Any adverse determination related to litigation or a settlement agreement or a judicial judgment could require us to change our technology or our business practices in costly ways, prevent us from offering certain products or services, require us to pay monetary damages, fines, or penalties, or require us to enter into royalty or licensing arrangements, and could adversely affect our operating results and financial condition, harm our brand and reputation, or otherwise negatively impact our business.

Adverse or changing economic conditions may negatively impact our business.

Our business depends on the overall demand for labor and on the economic health of current and prospective clients that use our services. Any significant weakening of the global economy, more limited availability of credit, economic uncertainty, financial turmoil and other adverse economic or market conditions may adversely impact our business and results of operations. Global economic and political events or uncertainty may cause some of our current or potential clients to curtail spending on our services, and may ultimately result in new regulatory and cost challenges to our operations. These adverse conditions could result in reductions in revenue, slower adoption of new technologies, and increased competition. We cannot predict the timing,

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strength, or duration of any economic slowdown or any subsequent recovery generally. If the conditions in the general economy significantly deviate from present levels, our business, financial condition and results of operations could be adversely affected.

Natural disasters, epidemics, acts of war or terrorism, political unrest or other factors beyond our control in the future may have a material adverse effect on our business, financial condition and results of operations.

A major natural disaster, such as an earthquake, blizzard, hurricane, fire or flood, or other catastrophic events, such as a power loss or telecommunications failure, could have a material adverse impact on our business, financial condition and results of operations. In the event of natural disaster or other catastrophic event, we may be unable to continue our operations and may endure system interruptions, reputational harm, lengthy interruptions in service, breaches of data security, and loss of critical data, all of which could have an adverse effect on our future operating results. Furthermore, if a natural disaster or other catastrophic event occurs in a region from which we derive a significant portion of our revenue, client and experts in that region may delay or forego the use of our services, which may adversely impact our operating results. Acts of terrorism, civil disorder, or military conflict could cause disruptions in our business or the business and activity of our partners, clients, experts or the economy as a whole. These disruptions may be more severe than in the case of natural disasters. All of the aforementioned risks may be augmented if our or our partners’ business continuity and disaster recovery plan prove to be inadequate.

We have limited insurance coverage to adequately cover all the risks and hazards associated with our operations.

We believe that we maintain insurance customary for businesses of our size and type, even though insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies do in countries with more developed economies. There are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure. Moreover, any loss incurred could exceed insurance policy limits and policy payments made to us may not be made in a timely manner. Any uninsured occurrence of business disruption may result in our incurring substantial cost and the diversion of resources, which could have a material adverse effect on our financial condition and results of operations.

Relevant government authorities may require us to contribute additional social insurance premium or housing provident funds, or impose late payment fees or fines on us.

Pursuant to the PRC laws and regulations, we are required to pay social insurance and housing provident funds for our employees under our own accounts pursuant to the PRC laws and regulations. During the Track Record Period, we engaged third-party human resources agencies to pay social insurance and housing provident funds for four of our employees. The contributions made through third-party accounts may not be viewed as contributions made by us. As a result, we

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may be required by competent authorities to pay the outstanding amount and could be subject to late payment penalties or enforcement application made to the court. In light of the above incidents, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative actions, fines or penalties with respect to the above incidents. According to the confirmation given by competent government departments responsible for social welfare and housing provident funds, up to the end of the Track Record Period, we had never been punished for violating laws and regulations in relation to social welfare, or have any administrative punishment record in relation to housing provident funds. As advised by our PRC Legal Advisors, the likelihood that we are subject to collection of historical arrears, late charges and any administrative penalties due to our failure to pay social insurance and housing provident funds contributions for our employees under our own accounts is remote, and such non-compliance incidents would not have a material adverse effect on our business and results of operations. However, we cannot assure you that the competent local government authorities will not require us to pay the outstanding amount within a specified time limit or impose late fees or fines on us, which may materially and adversely affect our financial condition and results of operations. If we are subject to severe penalties or incur significant legal fees in connection with labor-related laws and regulations, our business, financial condition and results of operations may be adversely affected.

Our business requires a certain amount of capital to finance our ongoing operations and expansion. Failure to manage our liquidity and cash flows may adversely affect our business, financial condition and results of operations.

In order to support our growth and respond to business challenges, such as developing new features or enhancements to our services, acquiring new technologies, and improving our infrastructure, we have made significant financial investments in our business and we intend to continue to make such investments. As a result, we may need to engage in equity or debt financings to provide the funds required for these investments and other business endeavors. If we raise additional funds through equity, our existing shareholders may suffer significant dilution and these securities could have rights, preferences, and privileges that are superior to that of holders of our H Shares. If we obtain additional funds through debt financing, we may not be able to obtain such financing on terms favorable to us, or at all. Such terms may involve restrictive covenants, including, among others, making it difficult to engage in capital raising activities and pursue business opportunities, including potential acquisitions. 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 and to respond to business challenges could be significantly impaired and our business may be adversely affected, requiring us to delay, reduce, or eliminate some or all of our operations.

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We are exposed to risks in connection with the wealth management products we purchased.

We entered into contracts in respect of wealth management products from banks with expected but not guaranteed rates of return ranging from 0.70% to 4.90% per annum for the Track Record Period. Pursuant to the Guidance on Regulating Financial Institution’s Asset Management Business (《關於規範金融機構資產管理業務的指導意見》) promulgated by the PBOC, the China Banking and Insurance Regulatory Commission, the CSRC and the SAFE on April 27, 2019, financial institutions selling wealth management products shall not guarantee the returns of principal and interest of such products. As a result, the returns of our investments on the wealth management products were not guaranteed, and therefore were measured at fair value through profit or loss. We are exposed to credit risks in relation to these financial assets, which may adversely affect their fair value. Net changes in their fair value are recorded as our other gains or losses, and therefore directly affect our results of operations. We may continue to invest in wealth management products in the future when we believe that we have surplus cash on-hand and the potential investment returns are attractive. However, there can be no assurance that our internal management and investment strategy will be effective and adequate with respect to our purchased wealth management products. We cannot guarantee that we will not experience losses with respect to such investments in the future or that such losses or other potentially negative consequences due to such investments will not have material adverse effects on our business, results of operations and prospects.

Fluctuations in exchange rates of the RMB could result in foreign currency exchange losses.

Certain of our cash and cash equivalents, trade receivables and trade and other payables are denominated in foreign currencies, mainly USD. Therefore, we are exposed to foreign currency risk. We recognized total net foreign exchange gain/(losses) in profit before income tax for the year/period of RMB2.5 million, RMB3.2 Million, RMB(22.1) million and RMB2.5 million in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. The exchange rate of RMB against US dollars and other foreign currencies fluctuates is affected by, among other things, the policies of the PRC government and changes in China’s and international political and economic conditions, 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 RMB, USD, HKD or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policies goals. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which, together with domestic policy considerations, could result in a significant appreciation of RMB against USD, HKD or other foreign currencies.

The [REDACTED] from the [REDACTED] will be received in HKD. As a result, any appreciation of RMB against USD, HKD or any other foreign currencies may result in the decrease in the value of our [REDACTED] from the [REDACTED]. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these

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factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

RISKS RELATING TO DOING BUSINESS IN CHINA

PRC economic, political, and social conditions as well as government policies could adversely affect our business, financial condition, results of operations and prospects.

During the Track Record Period, a substantial majority of our business has been conducted in the PRC. Accordingly, our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by the continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the degree of government involvement, level of development, growth rate, and control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies such as policies applied against financial services and institutions. The Chinese government also exerts significant control over China's economic growth through guiding resource allocation, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

Developments in relations between China and other countries may affect our business operations.

Our business is subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions we operate in. For example, rising political tensions between China and the U.S. could reduce levels of trades, investments, technological exchanges and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. The measures taken by the U.S. and the Chinese governments may have the effect of restricting our ability to transact or otherwise do business with entities within or outside of China and may cause investors to lose confidence in Chinese companies and counterparties, including us. If we were unable to conduct our business as it is currently conducted as a result of such regulatory changes, our business, financial condition and results of operations would be materially and adversely affected.

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China’s political relationships with foreign countries and regions may affect the prospects of our relationship with third parties, such as clients, experts and global partners. There can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions. Any tensions, political concerns and trade frictions between China and the relevant foreign countries or regions may cause a decline in the demand for our services and adversely affect our business, financial condition, results of operations, cash flows and prospects.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.

The majority of our operations are conducted in China, and are governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new and often give the relevant regulator significant discretion in how to enforce them, and because of the limited number of published decisions and the non-binding nature of such decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

More stringent restrictions on the remittance of Renminbi into and out of the PRC and governmental control over currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment.

The Renminbi is not currently a freely convertible currency, as the PRC government imposes controls on the convertibility of Renminbi into foreign currencies and in certain cases, the remittance of currency out of China. A substantial majority of our revenue is denominated in Renminbi and will need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our H Shares, and to fund our business activities outside China. Shortages in

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the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations.

Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange of the People's Republic of China, or SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have licenses to carry out foreign exchange business. Approval from appropriate government 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 also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining 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 restricting the remittance of Renminbi into or out of China. Any existing and future restrictions on currency exchange may limit our ability to operate our overseas business or otherwise fund any future business activities that are conducted in foreign currencies.

Payment of dividends is subject to restrictions under PRC law. Dividends payable by us to our foreign investors and gains on the [REDACTED] of our H Shares may become subject to withholding taxes under PRC tax laws.

Under PRC law and regulations and our Articles of Association, dividends may only be paid out of distributable profits. Distributable profits are our profits determined in accordance with total profit after tax shown in our annual financial statements under PRC GAAP or HKFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other required reserves. As a result, we may not have sufficient or distributable profits to distribute dividends to our Shareholders, including in periods during which we are profitable.

Non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-PRC resident individuals must pay PRC individual income tax under China's Individual Income Tax Law, unless the tax liabilities are waived or reduced by the tax authority of the State Council in accordance with a tax treaty.

We must withhold tax from dividend payments unless a tax treaty reduces the tax rate or provides an exemption from these tax obligations. According to Notice of the State Administration of Taxation on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document (Guo Shui Fa [1993] No. 045), an individual income tax rate of 10% applies to dividends payable by a domestic non-foreign-invested enterprise that issues shares in

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Hong Kong to overseas resident individuals. However, there remains uncertainty as to whether gains realized by non-PRC resident individuals on the disposition of our H Shares are subject to PRC individual income tax.

According to Notice on Issues Concerning Enterprise Income Taxation of PRC Resident Enterprise Distributing Dividend Withholding to Overseas H Shares Non-resident Enterprise Shareholder (Guo Shui Han [2008] No. 897), if non-PRC resident enterprises do not have establishments or premises in China, or have establishments or premises in China with income that is not related to such establishments or premises, they are subject to 10% PRC enterprise income tax on dividends received from a PRC company unless a tax treaty reduces the tax rate or provides an exemption from these tax obligations.

There remains uncertainty as to the interpretation and implementation of the EIT Law and other applicable PRC tax laws and regulations by PRC tax authorities. China’s tax laws and regulations may also change. In the event of any unfavorable changes in applicable tax laws and regulations or their interpretation or applicable, the value of your [REDACTED] in our H Shares may be materially affected.

You may experience difficulties in effecting service of legal process and enforcing judgments or bringing original actions in China or Hong Kong based on foreign laws against us and our Directors and senior management.

We are incorporated under the laws of the PRC, and substantially all of our assets are located in the PRC. In addition, a majority of our Directors and senior management reside within the PRC, and substantially all of their assets are located within the PRC. As a result, it may not be possible to effect service of process elsewhere outside the PRC upon our Directors and senior management, including with respect to matters arising under the PRC laws.

On July 14, 2006, the Supreme People’s Court of the PRC and the government of the Hong Kong Special Administrative Region 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 “**Arrangement**”). Under the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly selected as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the Arrangement became effective on August 1, 2008, the outcome and effectiveness of

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any action brought under the Arrangement remain uncertain. In addition, the PRC has not entered into a treaty for reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and most other western countries, and Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgment of a court in the United States or any other jurisdiction mentioned above in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

RISKS RELATING TO THIS [REDACTED] AND OUR H SHARES

Any possible conversion of our Domestic Shares into H Shares in the future could increase the supply of our [REDACTED] in the [REDACTED] and negatively impact the [REDACTED] of our [REDACTED].

Subject to the approval of the CSRC, all of our Domestic Shares may be converted into [REDACTED] in the future, and such converted Shares may be [REDACTED] or [REDACTED] on an overseas stock exchange, provided that prior to the conversion and [REDACTED] of such converted Shares any requisite internal approval by the Shareholders in a general meeting shall have been duly obtained and the approval from relevant PRC regulatory authorities shall have been obtained. However, the PRC Company Law provides that in relation to the [REDACTED] of a company, the shares of that company which are issued prior to the [REDACTED] shall not be transferred within one year from the [REDACTED]. Therefore, upon obtaining the requisite approval, our Domestic Shares may be [REDACTED], after the conversion, in the form of [REDACTED] on the Stock Exchange after one year of the [REDACTED], which could further increase the supply of our [REDACTED] in the [REDACTED] and negatively impact the [REDACTED] of our [REDACTED].

There has been no prior [REDACTED] for our [REDACTED] and there can be no assurance that an active [REDACTED] would develop, and the [REDACTED] and [REDACTED] [REDACTED] of our H Shares may be volatile.

Prior to completion of the [REDACTED], there has been no [REDACTED] for our [REDACTED]. There can be no guarantee that an active [REDACTED] for our [REDACTED] will develop or be sustained after completion of the [REDACTED]. The [REDACTED] is 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 [REDACTED] at which our H Shares will be [REDACTED] following completion of the [REDACTED]. The [REDACTED] of our [REDACTED] may drop below the [REDACTED] at any time after completion of the [REDACTED].

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Future issuances or sales, or perceived issuances or sales, of substantial amounts of our [REDACTED] in the [REDACTED] could materially and adversely affect the prevailing [REDACTED] of our Shares and our ability to raise capital in the future.

Prior to completion of the [REDACTED], there has been no [REDACTED] for our H Shares. Future issuance or sales, or perceived issuance or sales by our existing Shareholders of our H Shares after the [REDACTED] could result in a significant decrease in the prevailing [REDACTED] of our H Shares. Only a limited number of our H Shares currently outstanding will be available for issuance or [REDACTED] immediately after the [REDACTED] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future issuances or sales of significant amount of our [REDACTED] in the [REDACTED] or the perception that these sales may occur could significantly decrease the prevailing [REDACTED] of our [REDACTED] and our ability to raise capital in the future.

Our Single Largest Group of Shareholders may exert substantial influence over our Company and their interests may not be aligned with the interests of other Shareholders.

Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is exercised), our Single Largest Group of Shareholders will be interested in approximately [REDACTED] of the total issued share capital of our Company. Our Single Largest Group of Shareholders will be in a position to exert significant influence over the affairs of our Company and will be able to influence the outcome of any shareholders' ordinary resolutions, irrespective of how other shareholders vote. The interests of our Single Largest Group of Shareholders may not necessarily be aligned with the interests of our [REDACTED] shareholders or our Shareholders, as a whole, and this concentration of ownership may also have the effect of delaying, deferring or preventing a change in control of our Company.

Since there will be a time gap between [REDACTED] of our H Shares and [REDACTED] of our H Shares commences, holders of our H Shares are subject to the risk that the [REDACTED] of our H Shares could be lower than the [REDACTED] in this document.

The [REDACTED] of our [REDACTED] is expected to be on the [REDACTED]. Our H Shares will not [REDACTED] on the Stock Exchange until they are delivered, which is after the [REDACTED]. As a result, [REDACTED] may not be able to sell or otherwise [REDACTED] in the H Shares before the commencement of [REDACTED]. Accordingly, holders of our H Shares are subject to the risk that the [REDACTED] of our H Shares when [REDACTED] begins could be lower than the [REDACTED] as a result of adverse market conditions or other adverse developments that may occur between the time of [REDACTED] and the time [REDACTED] begins.

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As the [REDACTED] per H Share is higher than the net tangible asset value per Share, purchasers of our shares in this [REDACTED] will experience immediate dilution.

The [REDACTED] of our H Shares is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the H Shares in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to the Shareholders after the creditor’s claims. If we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, limitations on our ability to acquire or license intellectual property rights or declaring dividends, or other operating restrictions.

We cannot assure you that we will declare and distribute any amount of dividends in the future.

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirement, our strategic plans and prospects for business development, our constitutional documents and applicable law. For further details, please refer to the section headed “Financial Information — Dividend” in this document.

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

Our management may spend the net [REDACTED] from the [REDACTED] in ways with which you may not agree or which do not yield a favorable return to our Shareholders. For further details, please refer to the section headed “Future Plans and Use of [REDACTED] — Use of [REDACTED]” in this document. However, our management will have discretion as to the actual application of our net [REDACTED]. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net [REDACTED] from this [REDACTED].

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

This document contains certain data and information that we obtained from various government and private entity publications. Statistical data in these publications also include projections based on a number of assumptions. The industry expert knowledge services market in China may not grow at the rate projected by market data, or at all. The failure of our industry to grow at the projected rate may have a material adverse effect on our business. In addition, the complex and changing nature of the broad economic factors discussed in this document may result in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if one or more of the assumptions underlying the market data is later found to be incorrect, actual results may differ from the projections based on these assumptions.

We have not independently verified the data and information contained in such third-party publications and reports. Data and information contained in such third-party publications and report may be collected using third-party methodologies, which may differ from the data collection methods used by us. In addition, these industry publications and reports generally indicate that the information contained therein was believed to be reliable, but do not guarantee the accuracy and completeness of such information.

[REDACTED] should read the entire document carefully and should not consider any particular statements in this document or in published media reports without carefully considering the risks and other information contained in this document.

We strongly caution you not to rely on any information contained in the 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 with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Our Company’s core business operations are primarily conducted in the PRC, and our Company does not have executive Directors who are ordinarily resident in Hong Kong. Our Company considers that our Group’s management is best able to attend to its duties and functions by being based in the PRC. Accordingly, our Company does not, and for the foreseeable future will not, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has agreed to grant,]a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Our Company has made the following arrangements to maintain regular communication between the Stock Exchange and us:

- (a) Mr. Xu and Mr. Zhang Mengchi (張夢弛) have been appointed as authorized representatives of our Company pursuant to Rule 3.05 of the Listing Rules to act as our Company’s principal channel of communication with the Stock Exchange. Each of them has confirmed that he will be readily contactable by the Stock Exchange and be able to meet with the Stock Exchange on reasonable notice;
- (b) each of the authorized representatives has means of contacting the other Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters;
- (c) each of the Directors (including the independent non-executive Directors) not ordinarily residing in Hong Kong possesses or can apply for valid travel documents that enable him/her to meet with the Stock Exchange in Hong Kong within a reasonable period of time, if required;
- (d) our Company has appointed Altus Capital Limited as our compliance advisor (the “**Compliance Advisor**”) in compliance with Rule 3A.19 of the Listing Rules, who will, among other things, provide our Company with professional advice on continuing obligations under the Listing Rules and act as the additional channel of communication with the Stock Exchange during the period from the [REDACTED] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial

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results for the first full financial year immediately after the [REDACTED]. The Compliance Advisor will be available to answer enquiries from the Stock Exchange and will act as the principal channel of communication with the Stock Exchange when our authorized representatives are not available. Pursuant to Rule 19A.05(2) of the Listing Rules, we shall ensure that the Compliance Advisor retained by us will have access at all times to our authorized representatives, our Directors and other officers. Our Company shall also procure that such persons will provide promptly 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 as set forth in Chapter 3A and Rule 19A.06 of the Listing Rules. We shall ensure that there are adequate and efficient means of communication between our Company, our authorized representatives, our Directors and other officers and the Compliance Advisor, and will keep the Compliance Advisor informed of all communications and [REDACTED] between our Company and the Stock Exchange;

- (e) meetings between the Stock Exchange and our Directors can be arranged through our authorized representatives or the Compliance Advisor, or directly with our Directors with reasonable notice. We will inform the Stock Exchange promptly in respect of any change in our authorized representatives and the Compliance Advisor; and
- (f) to enhance communication with the Stock Exchange, each Director shall provide his/her mobile phone number, facsimile number and email address to our authorized representatives as well as the Stock Exchange, and in the event that a Director expects to travel and be out of office, he will provide the phone number of the place of his/her accommodation to our authorized representatives.

WAIVER IN RELATION OF JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Note (1) to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries);
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

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

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing “relevant experience,” the Stock Exchange will consider the individual’s:

- (a) length of employment with the listing applicant and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Our Company appreciates that the company secretary will play an important role in our corporate governance following the proposed [REDACTED], particularly in assisting our Company and our Directors in complying with the Listing Rules and other applicable company and securities law regulations. In this connection, our Company has appointed Mr. Dai Weigang (戴為鋼) as our company secretary.

Nevertheless, given Mr. Dai Weigang (戴為鋼) does not any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, his appointment as one of the joint company secretaries *per se* does not strictly comply with Rules 3.28 and 8.17 of the Listing Rules. Therefore, we have appointed Mr. Zhang Mengchi (張夢弛), an associate member of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute in the United Kingdom, who fully complies with the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as a joint company secretary and to provide assistance to Mr. Dai Weigang for an initial period of three years from the [REDACTED] to enable Mr. Dai Weigang to acquire the “relevant experience” under Note (2) to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

In light of the above, we have applied to the Stock Exchange for[, and the Stock Exchange has granted us,] a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. Pursuant to HKEX-GL108-20, the waiver is granted on two conditions: (i) Mr. Dai Weigang (戴為鋼) must be assisted by Mr. Zhang Mengchi (張夢弛), who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and (ii) the waiver is

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valid for period of three years from the [REDACTED] and will be revoked immediately if and when Mr. Zhang Mengchi ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company. The following arrangements have been made to satisfy those conditions:

- (a) Mr. Zhang Mengchi, the other joint company secretary who meets the requirements under Rule 3.28 of the Listing Rules, will work closely with, and provide assistance to, Mr. Dai Weigang to acquire the “relevant experience” under Note (2) to Rule 3.28 of the Listing Rules. and discharge his/her duties as a joint company secretary;
- (b) Mr. Zhang Mengchi will be engaged as a joint company secretary of our Company for an initial period of three years from the [REDACTED] (the “**Engagement Period**”). In the event that Mr. Zhang Mengchi’s engagement is terminated during the Engagement Period, we shall appoint another person having equivalent academic or professional qualifications or relevant experience for the purpose of Rule 3.28 of the Listing Rules to work closely with, and to provide assistance to, Mr. Dai Weigang in the discharge of his duties as the other joint company secretary;
- (c) Upon expiry of the Engagement Period, we will further evaluate Mr. Dai Weigang’s experience and the need for any on-going assistance. The expectation is that our Company and Mr. Dai Weigang would then be able to demonstrate to the Stock Exchange’s satisfaction that Mr. Dai Weigang, having had the benefit of Mr. Zhang Mengchi’s (or his/her successor’s) assistance, would by then have acquired the “relevant experience” under Note (2) to Rule 3.28;
- (d) We will further ensure that Mr. Dai Weigang has access to the relevant training on the Listing Rules and the Hong Kong laws and regulations applicable to our Company after its [REDACTED] to enable him to familiarize himself with the regulatory requirements, including the duties of a company secretary of a company [REDACTED] on the Main Board of the Stock Exchange. In addition, Mr. Zhang Mengchi will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to strengthen his experience and knowledge in respect of his duties and responsibilities as the Company Secretary; and
- (e) the Compliance Advisor who will, when needed, act as the additional support to provide the Joint Company Secretaries with professional advices and act as the additional channel of communication with the Stock Exchange during the period from the [REDACTED] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [REDACTED].

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

For further details, please refer to the section headed “Directors, Supervisors and Senior Management — Joint Company Secretaries” in this document.

WAIVER IN RESPECT OF [REDACTED] REQUIREMENTS

Rule 8.08(1) of the Listing Rules requires that there must be an open market in the securities for which [REDACTED] is sought and that a sufficient [REDACTED] of an issuer’s [REDACTED] securities must be maintained.

We have applied to the Stock Exchange for[, and the Stock Exchange has granted us,] a waiver that the minimum [REDACTED] requirement under Rule 8.08(1) be reduced and the minimum percentage of our Company’s [REDACTED] (being the securities for which the [REDACTED] is sought) from time to time held by the [REDACTED] to be the higher of:

- a. 15%;
- b. such percentage of [REDACTED] to be held by the [REDACTED] immediately after completion of the [REDACTED] and before the [REDACTED] is exercised; and
- c. such percentage of [REDACTED] to be held by the [REDACTED] after any exercise of the [REDACTED].

The above waiver [was granted] on the basis that:

- a. our [REDACTED] is expected to be over HK\$10 billion at the time of the [REDACTED];
- b. there will be an open market for the [REDACTED] upon completion of the [REDACTED];
- c. there will be sufficient [REDACTED] in Hong Kong in the [REDACTED]; and
- d. disclosure will be made regarding the lower prescribed [REDACTED] in the document,

and we will confirm the sufficiency of [REDACTED] in our annual reports after the [REDACTED].

In the event that the [REDACTED] percentage falls below the minimum percentage prescribed by the Stock Exchange, we will take appropriate measures to ensure that the minimum percentage of [REDACTED] prescribed by the Stock Exchange is complied with.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Mr. Xu Rujie (徐如傑)	Room 902, Unit 1 10 Quanzong Road Haidian District Beijing, PRC	PRC
Mr. Cheng Yijiang (程頤江)	Room 1201, No. 8 Lane 428, Changping Road Jing'an District Shanghai, PRC	PRC
Ms. Tu Qiang (圖強)	Room 803, Unit 15 Lane 1399, Pujian Road Pudong New District Shanghai, PRC	PRC
<i>Non-executive Directors</i>		
Mr. Teng Xuejun (滕學軍)	Room 1801, Unit 1 Block 4, Yujiangyuan Binjiang City, Hangzhou Zhejiang Province, PRC	PRC
Mr. Wang Yichao (王軼超)	Room 3006 Block 3, Teachers Village South District, China Normal University No. 55, Zhongshan Avenue West Tianhe District, Guangzhou Guangdong Province, PRC	PRC
Dr. Chen Geng (陳耿)	No. 42, Lane 1883 Huamu Road Pudong New District Shanghai, PRC	PRC

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Residential Address	Nationality
<i>Independent Non-executive Directors</i>		
Ms. Sin Pui Ying (洗佩瑩)	Flat 22B, Billionnaire Royale 83 Sa Po Road Kowloon City Kowloon, Hong Kong	Hong Kong
Ms. Zhang Yaping (張亞平)	Room 602, No. 20 Lane 853, Zaozhuang Road Pudong New District Shanghai, PRC	PRC
Mr. Wang Xuemeng (王學猛)	Room 505, No. 7 East 5th Alley Changgang Haizhu District, Guangzhou Guangdong Province, PRC	PRC

SUPERVISORS

Ms. Ji Beibei (季貝貝)	Room C, 16/F No. 8, Lane 429 Haifang Road Jing'an District Shanghai, PRC	PRC
Ms. Zhu Wei (朱韡)	Room 913, No. 21 6th Village, Yanji Yangpu District Shanghai, PRC	PRC
Mr. Zhu Weiyin (朱偉寅)	Room 102, No. 2 Lane 300, Huapeng Road Shanghai, PRC	PRC

For the biographies and other relevant information of our Directors and Supervisors, please refer to the section headed “Directors, Supervisors and Senior Management” in this document.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

China International Capital Corporation Hong Kong Securities Limited

29th Floor, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Citigroup Global Markets Asia Limited

50/F, Champion Tower
3 Garden Road, Central
Hong Kong

[REDACTED]

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Financial Advisor to our Company

**Huizhi International Capital Holdings Co.,
Limited**

3601A, 36/F, China Resources Building
26 Harbour Road, Wanchai
Hong Kong

Legal Advisors to our Company

As to Hong Kong law and United States laws:

Fangda Partners

26/F, One Exchange Square
8 Connaught Place, Central
Hong Kong

As to PRC law:

Grandway Law Offices

Floor 7-8, News Building
26 Jianguomennei Street,
Dongcheng District
Beijing
PRC

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal Advisors to the Joint Sponsors
and the [REDACTED]**

As to Hong Kong law and United States laws:

Herbert Smith Freehills
23rd Floor, Gloucester Tower
15 Queen's Road, Central
Hong Kong

As to PRC law:

Allbright Law Offices
9, 11, 12/F Shanghai Tower
501 Yincheng Middle Road,
Pudong New Area
Shanghai
PRC

Auditor and Reporting Accountant

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

Industry Consultant

**Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.**
Room 2504-2505, Wheelock Square
1717 Nanjing West Road
Shanghai
PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC	Room 1701 (Nominal Room 1901), CapitaLand 268 Hengtong Road Jing'an District Shanghai, PRC
Headquarters and Principal Place of Business in the PRC	Room 1701 (Nominal Room 1901), CapitaLand 268 Hengtong Road Jing'an District Shanghai, PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai, Hong Kong
Company Website	<u>www.capvision.com</u> <i>(The information on the website does not form part of this document)</i>
Joint Company Secretaries	Mr. Dai Weigang (戴為鋼) Room 201, No. 8 Lane 500, North Road of Train Station Hongkou District Shanghai, PRC Mr. Zhang Mengchi (張夢弛) 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai, Hong Kong
Authorized Representatives	Mr. Xu Rujie (徐如傑) Room A1-902, Kangqiao Shuijun 10 Quanzong Road Haidian District Beijing, PRC Mr. Zhang Mengchi (張夢弛) 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai, Hong Kong

CORPORATE INFORMATION

Strategy Committee

Mr. Xu Rujie (*Chairman*)
Dr. Chen Geng
Mr. Wang Xuemeng

Audit Committee

Ms. Sin Pui Ying (*Chairlady*)
Ms. Zhang Yaping
Mr. Wang Xuemeng

Remuneration Committee

Ms. Zhang Yaping (*Chairlady*)
Mr. Wang Xuemeng
Mr. Xu Rujie

Nomination Committee

Mr. Wang Xuemeng (*Chairman*)
Mr. Xu Rujie
Ms. Zhang Yaping

Compliance Advisor

Altus Capital Limited
21 Wing Wo Street, Central
Hong Kong

[REDACTED]

Principal Bank

Bank of China, Shanghai Jiangu Road Branch
No. 279 Changning Road
Jing'an District
Shanghai, PRC

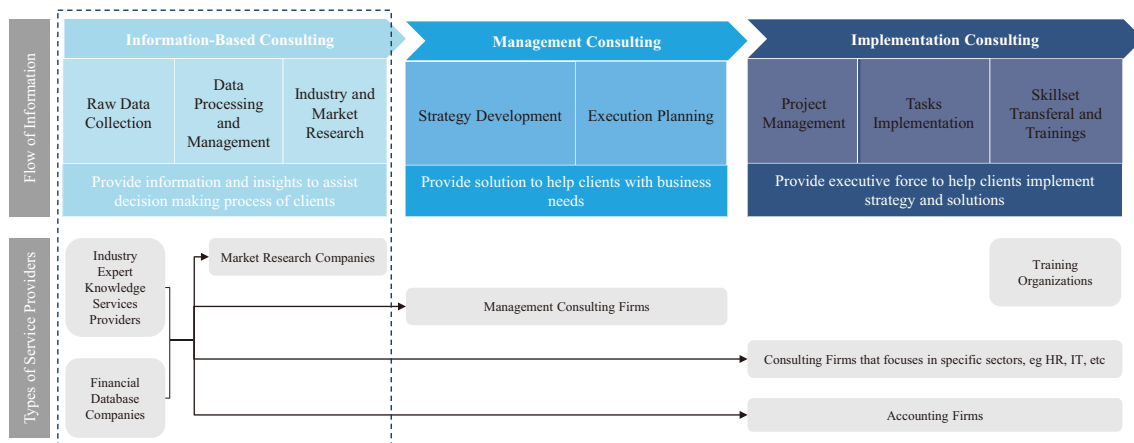
INDUSTRY OVERVIEW

The information and statistics presented in this section, and corresponding information contained in other sections of this document, are derived from various official government publications, sources available through public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan to prepare an independent industry report in connection with the [REDACTED]. We believe that the sources of the information in this section (and corresponding information in other sections of this document) are appropriate, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. Such information has not been independently verified by us, the [REDACTED], Joint Sponsors, [REDACTED], [REDACTED], any of the [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED] (other than Frost & Sullivan), and no representation is given as to its accuracy, completeness or fairness. Accordingly, such information may not be accurate and should not be unduly relied upon. We confirm that, after making reasonable enquiries, there has been no change since the date of the Frost & Sullivan Report that would qualify, contradict or have an impact on such information in any material respect.

THE CONSULTING INDUSTRY IN CHINA

The consulting industry is a knowledge service industry that provides solutions, strategies, suggestions, planning, and measurement information products to clients through information collection, processing, collation, analysis and delivery. The consulting industry can be divided into three major categories according to the nature of the relevant services: 1) information-based consulting, which involves provision of information and insights to assist clients in their decision-making processes; 2) management consulting, which involves provision of strategic solutions to help clients with their business needs; and 3) implementation consulting, which involves provision of executive resources to help clients implement a previously determined strategy. The following diagram provides additional information on these three major categories of consulting services:

Overview



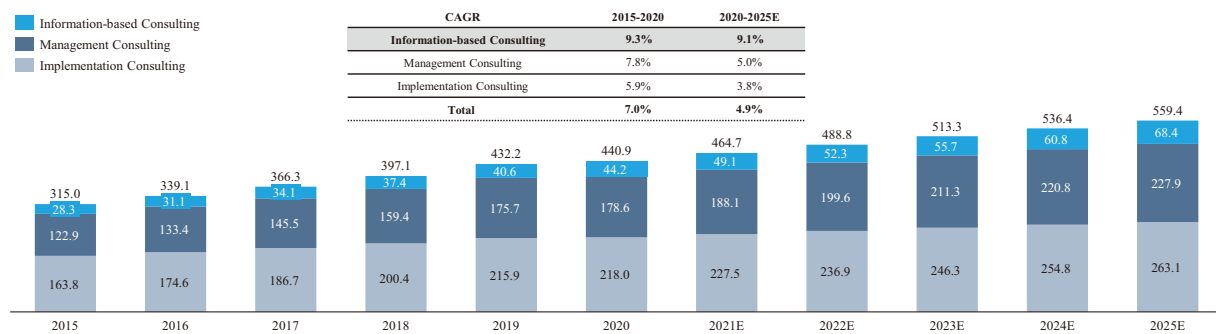
Source: Frost & Sullivan

INDUSTRY OVERVIEW

Historical and Projected Growth in the Consulting Industry Globally and in China

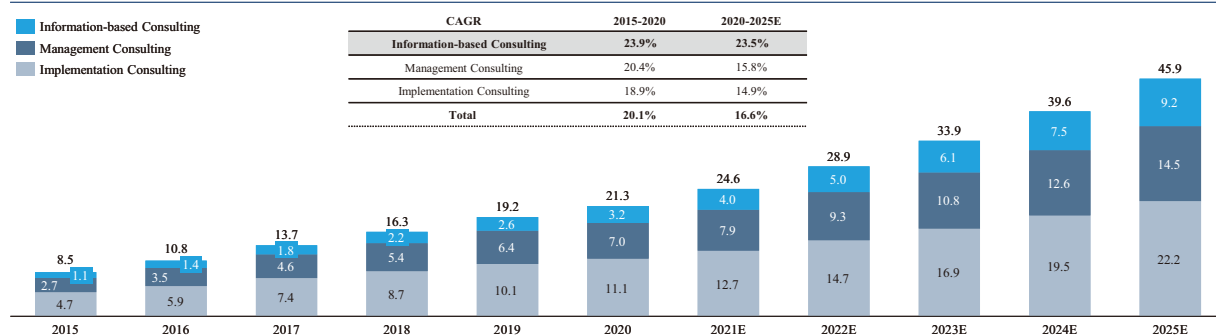
The global consulting industry grew from USD315.0 billion in 2015 to USD440.9 billion in 2020, representing a CAGR of 7.0%, and the industry is expected to grow further at a CAGR of 4.9% from 2020 to 2025, reaching USD559.4 billion by 2025. The consulting industry in China also registered strong growth in recent years, having grown at a CAGR of 20.1% from USD8.5 billion in 2015 to USD21.3 billion in 2020. Continued growth of the capital markets in China is expected to drive the further development of the consulting industry in China, which is expected to grow at a CAGR of 16.6% from 2020 to 2025, reaching USD45.9 billion by 2025. Of the three categories of consulting services, information-based consulting recorded the highest growth rate from 2015 to 2020 both globally and in China. As an increasing number of companies focus on using information and insights to enhance their decision-making capability and assist in their business development, the growth trend in information-based consulting is expected to continue through 2025. The following charts set forth information concerning historical and projected growth in the consulting industry for the periods indicated both globally and in China, with a breakdown by nature of consulting service.

Market Size of Consulting Industry In Terms of Revenue, Breakdown by Nature of Consulting Service (Global)
Billion USD, 2015-2025E



Source: Frost & Sullivan

Market Size of Consulting Industry In Terms of Revenue, Breakdown by Nature of Consulting Service (China)
Billion USD, 2015-2025E



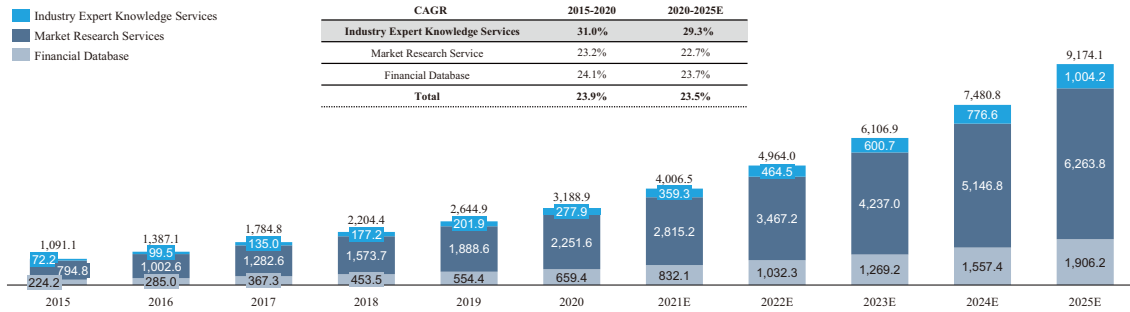
Source: Frost & Sullivan

INDUSTRY OVERVIEW

Within the category of information-based consulting services, the fastest-growing sub-category in recent years has been the market for industry expert knowledge services. Industry expert knowledge services providers leverage their expert networks to provide information and insights to clients through consultation, research and conference services. The rapid growth of the market for industry expert knowledge services in China has been predominantly due to expansion in clients' demand for insights from industry experts that facilitate their business development, including demand from consulting companies for insights that can be used as references and as the basis for providing solutions to the clients of such consulting companies.

Market Size of Information-based Consulting Industry In Terms of Revenue, Breakdown by Nature of Major Categorizes (China)

Million USD, 2015-2025E



Source: Frost & Sullivan

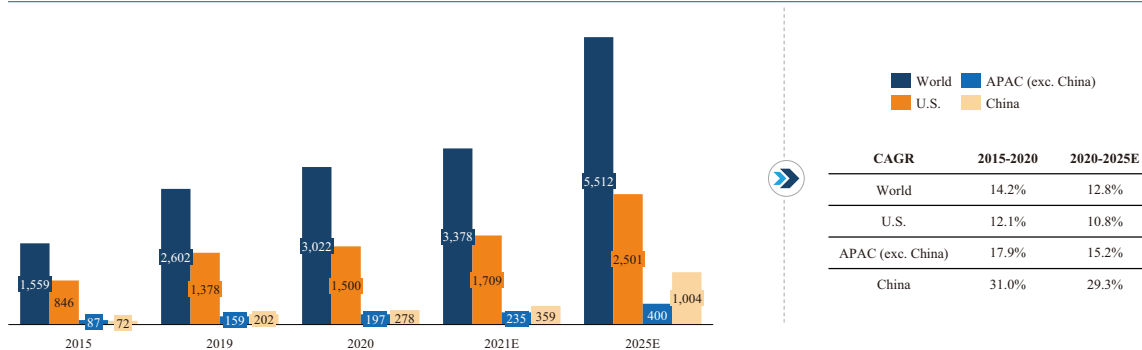
HISTORICAL AND PROJECTED GROWTH IN THE MARKET FOR INDUSTRY EXPERT KNOWLEDGE SERVICES

Market for Industry Expert Knowledge Services in General

The market for industry expert knowledge services worldwide grew at a CAGR of 14.2% from 2015 to 2020, and due to strong growth in demand from the capital markets, the market for industry expert knowledge services is expected to grow further at a CAGR of 12.8% from 2020 to 2025. In China, in particular, the market for industry expert knowledge services is expected to grow at a CAGR of 29.3% from 2020 to 2025, according to Frost & Sullivan. The following chart sets forth additional detail concerning historical and projected growth in the market for industry expert knowledge services in terms of revenue for the periods and jurisdictions/regions indicated.

Market for Industry Expert Knowledge Services In Terms of Revenue

Million USD, 2015-2025E



Source: Frost & Sullivan

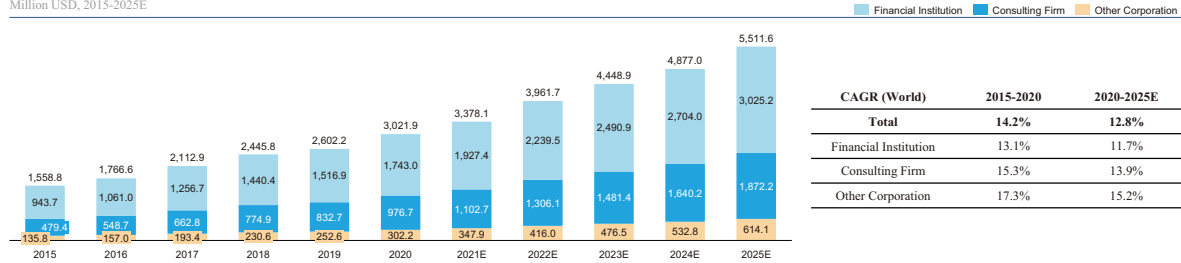
INDUSTRY OVERVIEW

Historical and Projected Growth Rates for Specific Types of Client

The following charts provide further details concerning historical and projected growth rates for specific types of clients in selected jurisdictions/regions for the periods indicated:

World

Market for Industry Expert Knowledge Services In Terms of Revenue, Breakdown by Customer Type
Million USD, 2015-2025E

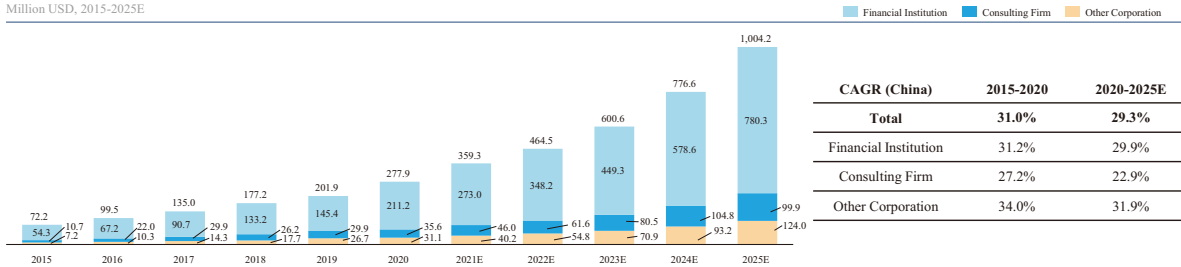


CAGR (World)	2015-2020	2020-2025E
Total	14.2%	12.8%
Financial Institution	13.1%	11.7%
Consulting Firm	15.3%	13.9%
Other Corporation	17.3%	15.2%

Source: Frost & Sullivan

China

Market for Industry Expert Knowledge Services In Terms of Revenue, Breakdown by Customer Type
Million USD, 2015-2025E

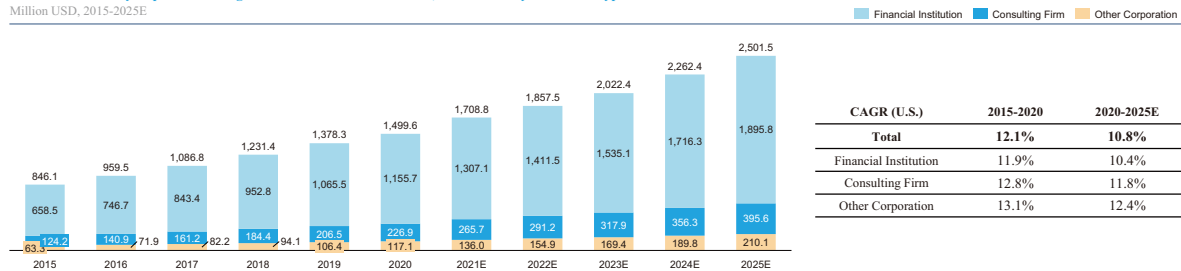


CAGR (China)	2015-2020	2020-2025E
Total	31.0%	29.3%
Financial Institution	31.2%	29.9%
Consulting Firm	27.2%	22.9%
Other Corporation	34.0%	31.9%

Source: Frost & Sullivan

United States

Market for Industry Expert Knowledge Services In Terms of Revenue, Breakdown by Customer Type
Million USD, 2015-2025E

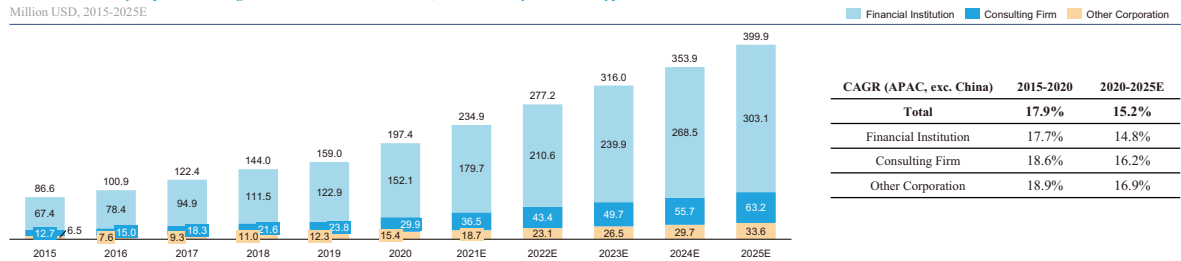


CAGR (U.S.)	2015-2020	2020-2025E
Total	12.1%	10.8%
Financial Institution	11.9%	10.4%
Consulting Firm	12.8%	11.8%
Other Corporation	13.1%	12.4%

Source: Frost & Sullivan

APAC (excluding China)

Market for Industry Expert Knowledge Services In Terms of Revenue, Breakdown by Customer Type
Million USD, 2015-2025E



CAGR (APAC, exc. China)	2015-2020	2020-2025E
Total	17.9%	15.2%
Financial Institution	17.7%	14.8%
Consulting Firm	18.6%	16.2%
Other Corporation	18.9%	16.9%

Source: Frost & Sullivan

INDUSTRY OVERVIEW

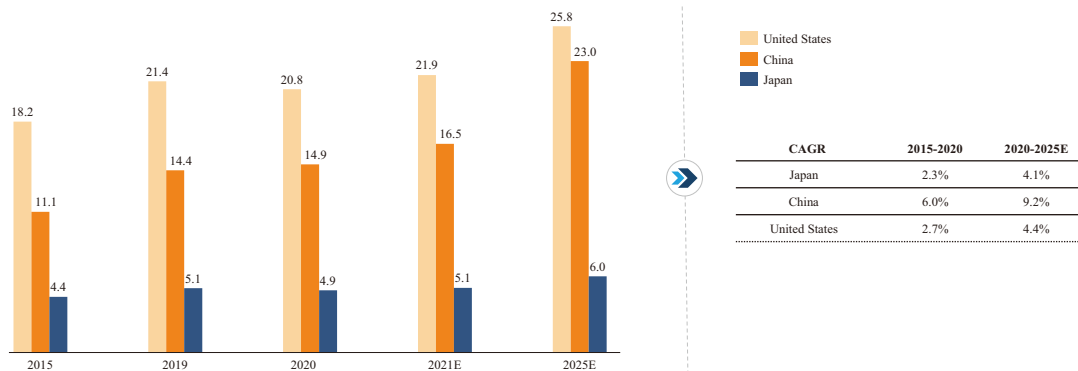
Characteristics of the Market for Industry Expert Knowledge Services

Growth Drivers

The growth prospects of the market for expert knowledge services depend to a significant degree on: 1) overall growth in nominal GDP in certain developed economies; and 2) growth in industries that generate significant demand for industry expert knowledge services, including the consulting industry, the securities companies industry, the private equity/venture capital industry and the public fund industry.

- Historical and Projected GDP Growth in Developed Economies.** With steady growth in global GDP, the economies of major countries have shown a positive trend. According to Frost & Sullivan, China, the United States and Japan are expected to experience nominal GDP growth at a CAGR of 9.2%, 4.4% and 4.1% respectively from 2020 to 2025. The following chart sets forth additional information concerning historical and projected GDP growth in selected developed economies.

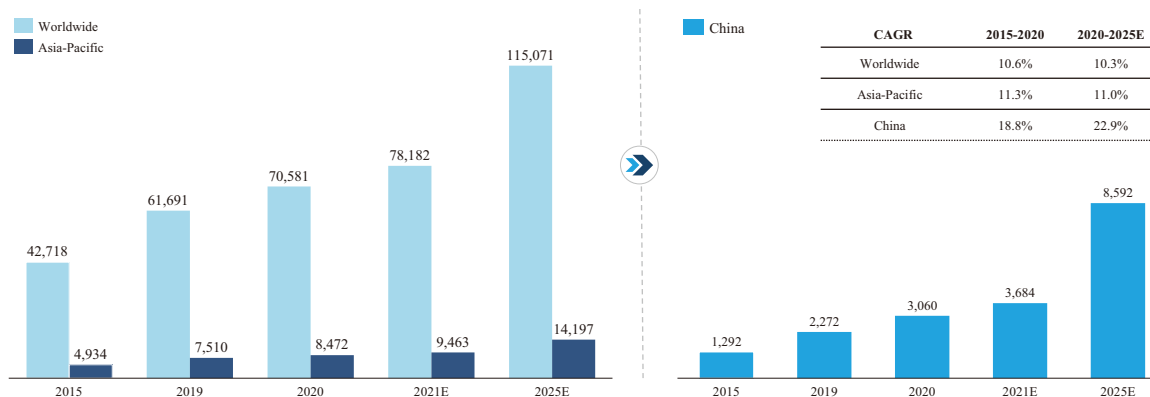
Nominal GDP and Growth Rate Breakdown by Selected Countries
Trillion USD, 2015-2025E



Source: World Bank, IMF, Frost & Sullivan

- Development of the Capital Markets.** The rapid development of China’s economy has driven the strong growth in China’s capital markets. In the secondary market, the AUM of China’s public funds has grown at a CAGR of 18.8% from approximately RMB8.4 trillion in 2015 to approximately RMB19.9 trillion in 2020; in the primary market, the AUM of China’s private equity and venture capital funds has grown at a CAGR of 29.1% from approximately RMB3.1 trillion in 2015 to approximately RMB11.1 trillion in 2020; and the market size of securities companies in terms of revenue in China also registered strong growth during this period, with a CAGR of 20.2% from 2020 to 2025. Since institutions in the primary and secondary markets are the main clients for industry expert knowledge services providers, their growth required industry expert knowledge services providers to develop additional expert resources and help clients obtain more useful industry information. The following charts provide additional information on historical and projected growth in AUM of public funds, PE/VC funds and securities companies worldwide, in China and in Asia-Pacific (excluding China) for the periods indicated.

Market Size of Public Funds In Terms of Asset Under Management
Billion USD, 2015-2025E

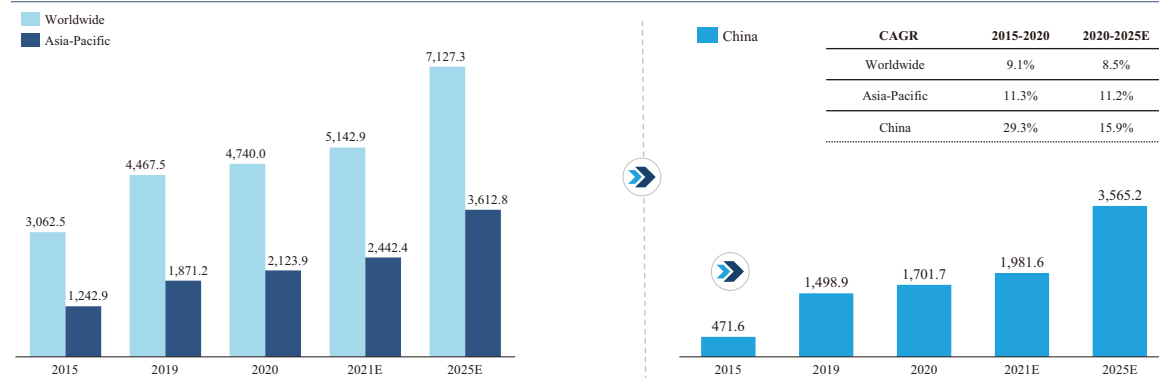


Source: AMAC, Frost & Sullivan

INDUSTRY OVERVIEW

Market Size of Private Equity and Venture Capital In Terms of Asset Under Management

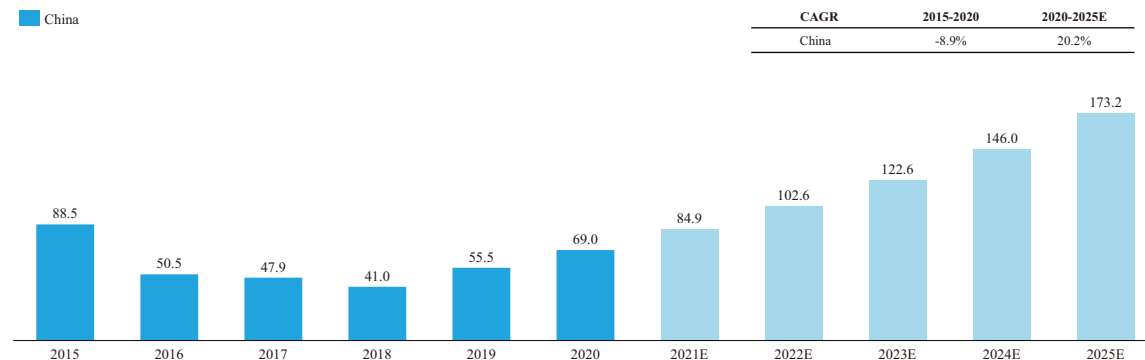
Billion USD, 2015-2025E



Source: AMAC, Frost & Sullivan

Market Size of Securities Companies In Terms of Revenue

Billions USD, 2015-2025E



Source: Frost & Sullivan

- *Development of Consulting Firms.* Consulting firms have grown rapidly in China as enterprises have become increasingly aware of strategic and operational risks. The consulting industry in China grew from approximately USD8.5 billion in 2015 to approximately USD21.3 billion in 2020, and the service that such consulting firms provide has become increasingly professional. The consulting firms, therefore, need a constantly increasing quality of high-quality third-party data, which promotes the development of industry expert knowledge services providers.
- *Development of Certain Industries Characterized by a High Degree of Professional Knowledge.* The development of certain industries characterized by a high degree of professional knowledge (e.g., the Technology, Media and Telecoms (TMT) industry) drives rapid growth in demand for experts.

Future Trends

Future trends in China’s market for industry expert knowledge services include the following:

Increased Industry Penetration Rate

- *Clients’ recognition and willingness to pay for industry expert knowledge services.* The increasing maturity of the market for expert knowledge services, together with the increasing focus on the adoption of information and insights from industry experts to facilitate decision making processes, leads to improved recognition of clients towards the business model of

INDUSTRY OVERVIEW

industry expert knowledge services as well as the importance of adopting such services. The client base of the industry has also been expanding in numbers and varieties as has their willingness to pay for industry expert knowledge services.

- *Experts' tendency to share information and resources.* Information privacy and the usage of collected information have been concerns for some of the industry experts, which has in the past affected their willingness to share information and led to difficulty in expanding expert knowledge databases. Increased client recognition as well as formalized industry practices, however, have given industry experts greater confidence in sharing information. With more and more experts engaging in the market, it is anticipated that expansion of expert network databases will be more rapid in the future.

Formalized Industry Practice

- *Comprehensive regulatory system.* With the expansion of market size and the increase in the number of market players, more comprehensive regulatory system established by the government is expected to ensure healthy development of the industry in the long-run. In addition, increased communication and cooperation among companies within the industry would mean frequent sharing of industrial practice and transfer of knowledge, thus achieving industry formalization with the implementation of governmental regulation in the future.
- *Customized services.* Increasing adoptions industry expert knowledge services in different markets as well as clients of different sectors allow industry expert knowledge services providers to capture market trends and clients' needs more accurately by analyzing their large pool of service data. It would be expected that industry expert knowledge services providers could offer more comprehensive and standardized services for clients so as to achieve higher levels of client satisfaction and maintain higher service quality for each client.

Emerging Technology Application

- *AI technology.* In the market for industry expert knowledge services, much first-hand information is abandoned after clients' interview, which causes waste of knowledge. By applying artificial intelligence, industry expert knowledge services providers can manage information from experts to accumulate knowledge, leading to an improved ability to solve certain clients' problems automatically in the future.
- *Big data analytics.* By applying big data analytics, industry expert knowledge services providers are able to analyze the data from both clients and experts to visualize client needs and experts' specific skill-sets more clearly, leading to more accurate matching of supply and demand.

Barriers to Entry

Barriers to entry in the market for industry expert knowledge services include the following:

- *First mover advantage.* The first-mover advantage accumulated by the leading companies in the industry is reflected in the construction of expert networks, the development and maintenance of client relationships, and the training of talent teams. These resources are limited. Once an industry expert knowledge services provider has built up a complete ecosystem of experts, talents and clients, it would generate a high switching cost for other platforms to poach those resources. Therefore, the first-mover advantage of the industry leader forms a significant entry barrier for the later entrants in the industry.
- *Brand Effect.* When making decisions, clients strongly rely on the knowledge shared by experts and highly value the accuracy and efficiency of experts. All types of businesses are willing to cooperate with leading industry expert knowledge services providers, since such service providers are more likely to build a higher-quality expert network.

INDUSTRY OVERVIEW

After several successful instances of cooperation between clients and service providers, a brand effect gradually emerges among these clients makes it more difficult for later entrants to compete with the leading service providers.

- *IT Infrastructure.* Rapid development of new technologies, such as cloud computing and big data analytics, allow improvement of business operation efficiency and higher quality service provision to better satisfy clients’ needs. In the highly competitive and professional market for industry expert knowledge services, the establishment of comprehensive IT infrastructure becomes an entry barrier for potential new entrants due to the high cost of system development and maintenance, as well as the consistent requirement for upgrading to keep up with the latest market trends. For instance, service providers in the market may apply big data analytics, to consolidate clients’ needs in different industry segments in order to provide more customized services with lower manpower and operational costs.

Success Factors

The three key success factors for industry expert knowledge services providers are their expert network, their client relationships and their talent team. These three factors empower each other, forming a virtuous cycle. The continuous consolidation of the expert network enables a platform to meet client needs more rapidly, and in this continuous interaction process, the ability of the talent team is gradually improved; then a better user experiences promotes new transactions by clients, and the expansion in the volume of business further promotes the development of the expert network.

- *Expert Network.* A high quality expert network is the core competitive advantage of an industry expert knowledge services provider. The leading industry expert knowledge services providers are far ahead of the industry in terms of the breadth of industry coverage, the scale of experts and the number of leading experts.
- *Client Relationship.* Repeat engagements by clients are the primary source of revenue for industry expert knowledge services providers. Clients in the market for industry expert knowledge services are relatively concentrated. Leading industry expert knowledge services providers are equipped with a solid network of experts to meet client needs, so as to further improve client stickiness.
- *Talent Team.* In addition to the expert network, the establishment of an effective talent team is equally important for an industry expert knowledge services provider. Employees of industry expert knowledge services providers need not only strong communication skills but also a deep understanding of the clients’ industries. Leading industry expert knowledge services providers are stronger in gathering talents and professionals.

COMPETITIVE LANDSCAPE IN THE MARKET FOR INDUSTRY EXPERT KNOWLEDGE SERVICES

Global

Global Leaders. The global market for industry expert knowledge services is led by the four largest players with the longest histories since their establishment. Global leaders have footprints across different major countries worldwide, which helps them to capture business opportunities in a wider range of markets.

Regional Leaders. Regional leaders are dominant players in certain countries or specific regions worldwide. They have taken advantage of their strong understanding of regional cultures and business networks, and are actively expanding their geographical coverage. Their expert networks cover a broader geographic area than the expert networks of the local champions.

INDUSTRY OVERVIEW

Local Champions. Local champions are companies with certain capacity in terms of expert network and client base at a country level. These companies have a smaller market share relative to the overall global expert network platform industry, but may be leading players in their respective countries. This tier includes some companies with a business strategy that focuses on country-specific development and expert network for deeper penetration.

Local Challengers. Local challengers are smaller firms that offer industry expert knowledge services primarily to local clients in the country. This market tier has a larger number of players and more intense market competition for the second-tier client base. Some companies in this tier may service a specific industry segment and expert network for more focused development.

The following chart shows the top five industry expert knowledge services providers in the global market based on revenue in 2020.

	Company	2020 Revenue (USD million)	Market Share
1	Company A	605.0	20.0%
2	Company B	271.3	9.0%
3	Company C	191.4	6.3%
4	Company D	106.3	3.5%
5	Capvision	96.5	3.2%
TOP 5		1,270.5	42.0%
MARKET TOTAL		3,021.9	

Source: Frost & Sullivan

China

The landscape of the market for industry expert knowledge services in China is characterized by a top tier, occupied by Capvision, and a second tier that is divided into local competitors and foreign competitors.

The following chart shows the top five industry expert knowledge services providers in China based on revenue in 2020.

	Company	2020 Revenue (RMB million*)	Market Share
1	Capvision	611.0	33.0%
2	Company C	122.5	6.6%
3	Company B	108.5	5.9%
4	Company A	85.5	4.6%
5	Company E	63.0	3.4%
Top 5		990.5	53.5%
MARKET TOTAL		1,852.4	

* Note: 1RMB = 0.15USD

Source: Frost & Sullivan

INDUSTRY OVERVIEW

The following chart describes factors that significantly influence competition in the market for industry expert knowledge services in China:

	Local Companies	Foreign Companies
Characteristics	<ul style="list-style-type: none"> Less establishment history, yet deeper understanding on Chinese culture and business model 	<ul style="list-style-type: none"> Well established and more experiences, multicultural business model
Brand Awareness	<ul style="list-style-type: none"> Higher awareness among local clients in China, while local in global landscape 	<ul style="list-style-type: none"> Lower awareness in local Chinese companies unless for top tier global firms
Business Model	<ul style="list-style-type: none"> Extensive client base with a major focus on MF, PE/VC firm. Expert recruitment and consultation is the key business segment. 	<ul style="list-style-type: none"> Predominantly serving international consulting firm and enterprises, with a major focus on business development and growth consulting project.
Market Competitiveness	<ul style="list-style-type: none"> Local companies share a larger portion to the market for industry expert knowledge services in China 	<ul style="list-style-type: none"> Mainly concentrated in Tier 2 market Share a small portion to the overall market of the market for industry expert knowledge services in China

Source: Frost & Sullivan

REPORT COMMISSIONED FROM FROST & SULLIVAN

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on the market for industry expert knowledge services in China. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of the market for industry expert knowledge services for [REDACTED]. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

We have agreed to pay Frost & Sullivan a fee of RMB600,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful [REDACTED] or on the content of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the [REDACTED]. We confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

REGULATORY OVERVIEW

MAJOR LAWS AND REGULATIONS AND INDUSTRIAL POLICIES APPLICABLE TO OUR COMPANY

Major Laws, Regulations and Guidances

In September 2017, the Standing Committee of the National People’s Congress revised the Law of the PRC on the Promotion of Small and Medium-sized Enterprises (《中華人民共和國中小企業促進法》), stating that “the people’s governments at the county level or above and their relevant departments shall provide entrepreneurs with free legal policy consultation and public information services in respect of industry and commerce, finance and taxation, financing, environmental protection, production safety, labour and employment and social security through government websites and publicity materials.

On November 7, 2016, the Standing Committee of the NPC issued the Cyber Security Law (《中華人民共和國網路安全法》) (the “**Cyber Security Law**”), which came into effect on June 1, 2017. The Cyber Security Law requires a network operator, including internet information services providers among others, to adopt technical measures and other necessary measures in accordance with applicable laws and regulations as well as compulsory national and industrial standards to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cyber Security Law emphasizes that any individuals and organizations 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 the 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, including those described above. Any violation of the provisions and requirements under the Cyber Security Law may subject an internet service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

In August 2015, the State Council issued the Law of the PRC on Promoting the Transformation of Scientific and Technological Achievements (《中華人民共和國促進科技成果轉化法》), stating that “the State supports the development of hi-tech business incubators and hi-tech business incubation institutions such as university science parks, and provides incubation venues, entrepreneurship consultancy, research and development, management advisory and other services for start-up hi-tech small and medium-sized enterprises.”

On July 1, 2015, the Standing Committee of the NPC issued the National Security Law (《中華人民共和國國家安全法》) (the “**National Security Law**”), which came into effect on the same day. The National Security Law provides that the state shall safeguard the sovereignty, national

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security and cyber security and development interests of the state, and the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services and other important activities that are likely to impact the national security of China. The National Security Law further provides that citizens and organizations shall perform the following obligations to maintain national security: (1) observing the relevant provisions of the constitution, laws and regulations on national security; (2) reporting information about activities which endanger national security in a timely manner; (3) providing evidence on activities which endanger national security; (4) providing assistance on national security work; (5) providing necessary support and assistance to national security agencies, public security agencies and relevant military agencies; (6) keeping national secrets confidential; (7) other obligations stipulated by laws and administrative regulations.

In April 2015, the NPC issued the Securities Investment Fund Law of the PRC (2015 Revision) (《中華人民共和國證券投資基金法(2015年修正)》), stating that “the activities of securities investment fund shall be regulated to protect the lawful rights and interests of investors and stakeholders and facilitate the healthy development of the securities investment fund and capital markets.”

In May 2020, the Securities Association of China issued the Practice Criteria on Issuing Securities Study Report (《發佈證券研究報告執業規範》), stating that “if the external expert engaged by the operating unit is a personnel of a listed company, written consent must be obtained from the person-in-charge of information disclosure of such listed company, and written record of the same shall be maintained for five years. If the external expert is engaged through a third party, a specific agreement for the engagement of external expert shall be entered into with such third party, which shall state that the third party shall be responsible for verifying the identity of the expert, and the third party shall assume the responsibility of financial compensation and public apology through the media in case of any inaccurate identity verification of the expert. When the operating unit engages a third party to provide customers with consultancy services other than the securities investment advisory services, such services shall be provided in an appropriate and reasonable manner and relevant service fees shall be listed separately, and the details of the relevant consultancy services shall be filed and recorded. The operating unit shall not arrange any entity or individual without proper qualification of securities investment consultancy business to provide its customers with the abovementioned consultancy service through outsourcing or revenue sharing agreement with a third party or other arrangements in similar nature.”

In August 2014, the CSRC issued the Interim Measures for the Supervision and Administration of Private Investment Funds (Trial) (《私募投資基金監督管理暫行辦法(試行)》), stating that “the activities of private investment funds shall be regulated to protect the lawful rights and interests of investors and stakeholders and facilitate the healthy development of the private investment fund industry.”

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In January 2014, the AMAC issued the Measures for the Registration of Private Investment Fund Managers and Filing of Funds (《私募投資基金管理人登記和基金備案辦法》), stating that “the private investment fund business shall be regulated to protect the lawful rights and interests of investors and facilitate the healthy development of the private investment fund industry.”

In August 2012, the Ministry of Human Resources and Social Security and the Ministry of Supervision issued the Interim Provisions on Disciplinary Actions against Staff Members of Public Institutions (《事業單位工作人員處分暫行規定》), stating that if a staff member of a public institution conducts or participates in profitable activities or remunerated part-time jobs in violation of the State regulations, the staff member shall be imposed of warning or punishment of demerit recording; if the case is serious, the staff member shall be subject to demotion or dismissal from the original position; and if the case is very serious, the staff member shall be subject to expulsion.

In July 2009, the State Council issued the Regulations on the Clean Practice of Leaders of State-owned Enterprises (《國有企業領導人員廉潔從業若干規定》), stating that that leaders of state-owned enterprises shall perform their duties diligently, and shall not seek personal gains by using their powers of office or conduct any behavior that may prejudice the interest of the relevant enterprises, including taking any leading position in any enterprises invested by their respective enterprises, or other enterprises, public institutions, social groups or intermediary organizations without permission, or if permission for the part-time job is obtained, receiving remuneration or other income without consent.

In October 2007, the State Council issued the Law of the PRC on Progress of Science and Technology (《中華人民共和國科學技術進步法》), stating that “the State shall improve the rules and procedures for policy-making with respect to science and technology, and set up standardized consultation and policy-making mechanisms so that the policy-making process is more scientific and democratic; promote academic exchange, expand the fields of study, extend popularization of science and technology, training for specialists, and provide advisory services”.

In May 2005, the Standing Committee of the National People’s Congress issued the Civil Servant Law (《公務員法》), stating that that civil servants shall not conduct or participate in any profitable activities in violation of the relevant provisions and shall not undertake any part-time positions in enterprises or other profitable institutions.

The above laws, regulations and guidances set out the applicable rules that our Company should comply within the course of our business operations as an industry expert knowledge services provider, including the regulations which prohibits non-fund institutions from engaging in fund investment business under the Securities Investment Fund Law of the PRC (《中華人民共和國證券投資基金法》) and the regulations on securities research institutions to engage third party institutions to provide expert consultation services under the Practice Criteria on Issuing Securities Study Report (《發佈證券研究報告執業規範》), and our Company is required to comply with the relevant regulations and guidances. If we fail to comply with the relevant laws, regulations and guidances, we may be subject to administrative penalties or have other negative impacts.

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Major Industrial Policies

In December 2019, the NDRC issued the Opinions on Promoting the Development of “Internet + Social Services” (《關於促進「互聯網+社會服務」發展的意見》), stating that “by making use of the internet and capitalizing on the development achievements of “internet + social services”, digitalization of social services resources shall be accelerated by enhancing the transparency of public data. Transformation of service providers will be promoted and coverage of social services resources will be expanded to improve the resources allocation efficiency and effectively solve the shortage of resources and insufficient quality of social services.”

In October 2019, the NDRC and SAMR issued the Guiding Opinions on the High Quality Development of the Service Sector in the New Era (《關於新時代服務業高質量發展的指導意見》), stating that “the improvement and upgrade of traditional service sectors shall be supported, and efforts shall be put to the cultivation of new industries, new businesses and new models. Development of modern service industries shall be accelerated with focus on improving service efficiency and quality. Reforms and opening of the service sector will be further promoted to establish a new system of service industries with high quality and efficiency, refined structure and strong competitiveness, so as to satisfy the needs for industrial transformation and upgrade as well as better livelihood of people, and provide strong support for the high quality economic development.”

In April 2019, the General Office of the Central Committee of the Communist Party of China and the State Council issued the Guiding Opinions on Promoting the Healthy Development of Small and Medium-sized Enterprises (《關於促進中小企業健康發展的指導意見》), stating that “the small and medium-sized enterprises are the major driving forces of national economic and social development as well as the expansion of job market, improvement of livelihood and promotion of entrepreneurship and innovation. They play an important role in stabilizing growth, promoting reform, adjusting structure, benefiting people’s livelihood and controlling risks. Attaching great importance to the development of small and medium-sized enterprises, the Central Committee of the Communist Party of China and the State Council have introduced a series of policies and measures in respect of fiscal, taxation and finance, business environment and public services, which have achieved positive results.”

In May 2017, the Ministry of Civil Affairs issued the Several Opinions on the Healthy Development of Social Think Tanks (《關於社會智庫健康發展的若干意見》), stating that “legal participation and product offering of social think tanks shall be protected; effective ways for social think tanks to participate in the decision-making consulting services shall be broadened; fund raising channels for social think tanks shall be expanded; talent policy of social think tanks shall be refined; social think tanks are encouraged to conduct international exchanges.”

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In April 2017, the Ministry of Science and Technology issued the 13th Five-Year Plan on Science and Technology Innovation in Modern Service Industry (《「十三五」現代服務業科技創新專項規劃》), stating that “capacity of science and technology consulting services shall be enhanced. Studies in respect of modular standards and rules of open-ended science and technology consulting services as well as the operating procedures and supporting technologies of science and technology consulting will be encouraged. Application demonstrations of professional science and technology consulting service platform will be conducted. Cooperation between professional consulting service providers will be promoted in order to construct a new high-end knowledge service platform to provide science and technology consulting services such as reengineering of business process and cognition and precise analysis based on big data. Innovation of consulting service models is supported in order to provide internet-based and integrated science and technology consulting and knowledge services and develop new business types such as crowdsourcing and project management outsourcing.”

In March 2016, the NPC issued the Outline of the 13th Five-Year Plan for the National Economic and Social Development of the PRC (《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要》), stating that “aiming for industrial upgrades and efficiency enhancement, industrial design and creativity, engineering consulting, commercial consultancy, laws and accounting, modern insurance, credit rating, post-sales services, inspection, testing and certification, human resources services and other industries will be developed. Reforms on the circulation system will be deepened to promote the informatization, standardization and integration of circulation.”

In January 2015, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Strengthening the New Think Tank with Chinese Characteristics, stating that “regulations and guidelines shall be set up to facilitate the healthy development of social think tank, which is a component of the new think tank with Chinese characteristics. Prioritizing the performance of social responsibility, the Ministry of Civil Affairs and other competent departments will study and formulate a series of opinions to regulate and guide the establishment of think tanks in the society in order to ensure such social think tanks abide by the national constitutions, laws and regulations and develop in the right direction soundly. Consulting services will be further regulated and the system regarding the product offerings of social think tanks will be improved. Efforts will be put to explore effective ways for social think tanks to participate in decision-making consultancy and create a good environment favourable to the development of social think tanks.

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In October 2014, the State Council issued Several Opinions on Accelerating the Development of Technology Service Industry (《國務院關於加快科技服務業發展的若干意見》), stating that “development of technology consulting services such as science and technology strategy research, technology evaluation, technology bidding and management consultancy services is encouraged, and active efforts shall be put to the cultivation of new industries such as management service outsourcing and project management outsourcing services. Technology consulting organizations, knowledge services providers and productivity promotion centers are supported to apply modern information technologies such as big data, cloud computing and mobile internet to develop innovative service models and offer internet-based and integrated technology consulting and knowledge services.”

In May 2014, the State Council issued Several Opinions on Further Promoting the Healthy Development of the Capital Market (《國務院關於進一步促進資本市場健康發展的若干意見》), stating that “focusing on supporting the development of real economy, market, efforts will be put to stimulate the vitality of market innovation, expand the breadth and depth of the market and broaden the two-way opening up of the market in order to facilitate the coordinated development of direct financing and indirect financing. Proportion of direct financing shall be increased to prevent and diversify the financial risks.”

In November 2013, the State Council issued the Decision of the Central Committee of the Communist Party of China on Several Major Issues Concerning Comprehensively Deepening the Reform (《中共中央關於全面深化改革若干重大問題的決定》), stating that “we will build a consultative democracy featuring appropriate procedures and complete segments to expand the consultation channels of the organs of state power, committees of the Chinese People’s Political Consultative Conference, political parties, and community-level and social organizations. We will conduct intensive consultations on issues relating to legislation, administration, democracy, political participation and social problems. We will strengthen the building of new types of think tanks with Chinese characteristics, and establish and improve the consultation system on decision-making.”

In February 2013, the NDRC issued the Industrial Structure Adjustment Guidance Catalogue (2011) (revised in 2013), stating that “commercial services industry shall be classified as encouraged industry.”

In October 2012, the State Council issued the Decision on Accelerating the Cultivation and Development of Strategically Emerging Industries (Guo Fa [2010] No. 32) (《國務院關於加快培育和發展戰略性新興產業的決定》(國發[2010]32號)), stating that “supporting system for industrial innovation shall be established. The beam effect of knowledge intensive service industry shall be put into play and the development of high-tech service industries, such as R&D service, information service, pioneering service, technical transaction, intellectual property and the translation of scientific and technological achievements shall be strengthened. Efforts shall also be

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put in the cultivation of new industries, such as commercial services in respect of human resources, investment and management consulting. Development of modern logistics and environmental services industry shall be accelerated.”

In September 2009, the State Council issued the Several Opinions of the State Council on Further Promoting the Development of Small and Medium-sized Enterprises (Guo Fa [2009] No. 36) (《國務院關於進一步促進中小企業發展的若干意見》(國發[2009]36號)), stating that “management of small and medium-sized enterprises shall be guided and supported. Management consultancy organizations shall be established to provide management consultancy services for small and medium-sized enterprises. Small and medium-sized enterprises shall strengthen their basic management, enhance their marketing and risk management and refine their governance structure to facilitate management innovation and improve operation management level. Small and medium-sized enterprises shall develop internal strengths with lower costs and higher efficiency, ensure strict compliance with laws and regulations in respect of safety, environmental protection, quality, health and labour protection, maintain operation in good faith and fulfill their social responsibilities.”

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Trademarks

The Trademark Law of the PRC (《中華人民共和國商標法》) revised by the Standing Committee of the NPC on April 23, 2019 and coming into effect on November 1, 2019, and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) revised by the State Council on April 29, 2014 and coming into effect on May 1, 2014 set out the regulations for the application, review and approval, renewal, change, transfer, use and invalidation of trademark registration, and protect the exclusive right to trademark entitled to the trademark registrants. Pursuant to the above laws and regulations, the Trademark Office under the administration of industry and commerce of the State Council shall be responsible for the trademark registration and management in China. Validity period of a registered trademark shall be 10 years commencing from the date of approval for registration. Renewal procedures shall be conducted 12 months prior to the expiry according to the regulations where a registered trademark

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needs to be used after the expiration of its validity term. If the procedures fail to complete within the above period, the deadline may be extended for 6 months. The validity period of each renewed registration shall be 10 years, commencing from the date of expiry of the last validity period of such trademark. The registration of trademark will be cancelled if renewal procedures are not conducted upon expiry. The trademark registrant may license the use of his registered trademark to other parties through entering into a trademark license contract. Where another party is licensed to use the registered trademark, the licensor shall file the trademark license with the Trademark Office, and the Trademark Office shall make an announcement accordingly. Trademark licenses shall not be used against bona fide third parties without filing.

Patents

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》), revised by the Standing Committee of the NPC on December 27, 2008 and coming into effect on October 1, 2009, and further revised on October 17, 2020 and coming into effect on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (Revised in 2010) (《中華人民共和國專利法實施細則》) revised by the State Council on January 9, 2010 and coming into effect on February 1, 2010, patents in China are divided into invention patent, utility model patent and design patent. Invention patent refers to new technical solutions for a product, method or its improvement; utility model patent refers to new technical solutions for the shape, structure or the combination of both shape and structure of a product, which is applicable for practical use; design patent refers to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the color, the shape and pattern of a product with esthetic feeling and industrial application value. Invention patent shall be valid for 20 years from the date of application while patent and design patent shall be valid for 10 years from the date of application. The patent right entitled to its owner shall be protected by the laws. Any person shall be licensed or authorized by the patent owner before using such patent. Otherwise, the use constitutes an infringement of the patent right.

Domain Names

Pursuant to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and coming into effect on November 1, 2017, the establishment of any domain name root server and institution for operating domain name root servers, managing the registration of domain name and providing registration services in relation to domain name within the territory of China shall be subject to the approval of the Ministry of Industry and Information Technology or provincial, autonomous regional and municipal communications administration. The registration of domain name shall follow the principle of "first apply first register." The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet 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》) promulgated

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by the Ministry of Industry and Information Technology on November 27, 2017 and coming into effect on January 1, 2018 specifies the obligation of anti-terrorism and maintaining network security of internet information service providers.

REGULATIONS ON LABOUR PROTECTION IN CHINA

The Labour Law of PRC (《中華人民共和國勞動法》), which was promulgated by the Standing Committee of the NPC on July 5, 1994 and came into effect on January 1, 1995, and revised on August 27, 2009 and December 29, 2018, provides that an employer shall develop and improve its rules and regulations to safeguard the rights of its workers and ensure its workers perform their obligations according to the laws. The employer shall establish and improve its labour safety and health system in strict compliance with the national labour safety rules to prevent labour safety incidents and minimize occupational hazards. Labor safety and health facilities must comply with relevant national standards. The employer must provide its workers with labour safety and health conditions in compliance with the national requirements and necessary protective equipment. Workers engaged in operations that may be exposed to occupational hazards shall be subject to regular health checks. Workers engaged in special operations shall have received specialized training and obtained the pertinent qualifications.

The Labour Contract Law of PRC (《中華人民共和國勞動合同法》), which was promulgated by the Standing Committee of the NPC on June 29, 2007 and came into effect on January 1, 2008, and revised on December 28, 2012 and came into effect on July 1, 2013, and the Implementation Regulations on Labour Contract Law (《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 by the State Council provide that the labour relations of employer and the employee shall be established by signing written labour contract, which shall contain specific provisions involving the terms of the labour contract, duties and responsibilities, remuneration, discipline and termination of the labour contract. Where a labour relation has been established without signing a written labour contract simultaneously, the written labour contract shall be entered into within one month since the date of employment.

According to the Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) promulgated on January 24, 2014 and came into effect on March 1, 2014, the employer may only engage dispatched workers in temporary, auxiliary or alternative positions, and the number of dispatched workers must be strictly controlled and shall not exceed 10% of its total workforce.

The Law of the PRC on Social Insurance (《中華人民共和國社會保險法》), which was promulgated by the Standing Committee of the NPC on October 28, 2010, came into effect on July 1, 2011 and further revised on December 29, 2018 regulates that employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. The employers and employees shall pay the premiums of basic pension, medical and unemployment insurance jointly, while the employees are not obliged to pay the premiums of work injury insurance and maternity

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insurance. The employer shall apply to the local social insurance agency for the registration of social insurance according to the Law of the PRC on Social Insurance. If the employer fails to register for social insurance, the social insurance administrative authority shall order for rectification within a prescribed period. If rectification is not made within the prescribed period, the employer shall be imposed a fine from one to three times of the amount of the social insurance premium that should be paid, and the person-in-charge and other personnel subject to direct liability shall be imposed a fine ranging from RMB500 to RMB3,000. In addition, if the employer fails to pay the social insurance premium in full timely, the social insurance premium collection authority shall order it to pay the outstanding amount within a prescribed time limit together with an additional late fee at a daily rate of 0.05% of the outstanding payment since the date of default. If the outstanding amount is not settled within the prescribed time limit, the competent administrative department shall impose a fine of one to three times of the outstanding payment.

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated and effective on April 3, 1999 and revised on March 24, 2002 and March 24, 2019, respectively, the employer shall file with the housing provident fund management center for the housing provident fund payment and deposit registration, and carry out formalities of opening housing provident fund accounts on behalf of its workers at the commissioned bank upon verification by the housing provident fund management center. The employer shall contribute to the housing provident fund in a timely basis and in full amount, and file with the housing provident fund management center for the housing provident fund payment and deposit registration. If the employer fails to complete the housing provident fund payment and deposit registration or fails to open housing provident fund accounts on behalf of its workers according to the above regulations, the housing provident fund management center shall order it to rectify within a prescribed time limit. If rectification is not made within the prescribed time limit, a fine ranging from RMB10,000 to RMB50,000 shall be imposed. If the employer fails to pay the housing provident fund in time or in full amount according to the above regulations, the housing provident fund management center shall order it to pay the outstanding amount within a prescribed time limit. If the payment is not made within the prescribed time limit, the housing provident fund management center may apply to the people's court for enforcement.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (Revised in 2018) (《中華人民共和國企業所得稅法(2018修正)》) (the "**EIT Law**"), which was promulgated by the SCNPC on December 29, 2018 and became effective on the same date, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (Revised in 2019) (《中華人民共和國企業所得稅法實施條例(2019修訂)》) (the "**EIT Regulation**"), which was promulgated by the State Council on April 23, 2019 and became effective on the same date, a

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uniform income tax rate of 25% will be applied to domestic enterprises, foreign-invested enterprises and foreign enterprises that have established production and operation facilities in China. These enterprises are classified as either resident enterprises or non-resident enterprises. Resident enterprises refer to enterprises that are established in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control entity is within the PRC. Non-resident enterprises refer to enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but who (whether or not through the establishment of institutions in the PRC) derive income from the PRC. Under the EIT Law and EIT Regulation, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not established institutions or places in the PRC, or if they have established institutions or places in the PRC but there is no actual relationship between the relevant income derived in the PRC and the institutions or places set up by them, enterprise income tax is set at the rate of 10%.

Preferential EIT Rate

According to the EIT Law and the EIT Regulation, an enterprise certified as a high and new technology enterprise is entitled to a preferential EIT rate of 15%. In accordance with the Measures for Administration of Recognition of High and New Technology Enterprise (《高新技術企業認定管理辦法》) issued on 29 January 2016, an enterprise certified as a high and new technology enterprise is subject to review by the relevant PRC authorities and shall submit the information about the relevant intellectual property, scientific and technical personnel, research and development expense, operating revenue of the previous year and other annual status on the required official website.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Expanding the Scope of Preferential Income Tax Policies regarding Small Low-Profit Enterprises (《財政部、國家稅務總局關於擴大小型微利企業所得稅優惠政策範圍的通知》) which became effective on January 1, 2017 and expired on January 1, 2018, the Notice of the Ministry of Finance and the State Administration of Taxation on Further Expanding the Scope of Preferential Income Tax Policies regarding Small Low-Profit Enterprises (2018) (《財政部、稅務總局關於進一步擴大小型微利企業所得稅優惠政策範圍的通知(2018)》) which became effective on January 1, 2018 and expired on January 1, 2019, and the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (《財政部、稅務總局關於實施小微企業普惠性稅收減免政策的通知》) which took effect on January 1, 2019, from January 1, 2017 to December 31, 2017, the upper limit of the annual taxable income of a small low-profit enterprise shall be raised from RMB300,000 to RMB500,000 yuan, and for a small low-profit enterprise with an annual taxable income of RMB500,000 or less, its taxable income shall be calculated at the reduced rate of 50% of its income, and it shall pay the enterprise income tax at the rate of 20%; from January 1, 2018 to December 31, 2018, the upper limit of the annual taxable income of small low-profit enterprises

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shall be raised from RMB500,000 to RMB1 million, and the income of a small low-profit enterprise with an annual taxable income of RMB1 million or less shall be included in its taxable income at the reduced rate of 50%, with the applicable enterprise income tax rate of 20%; from January 1, 2019 to December 31, 2021, the annual taxable income of small low-profit enterprises that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%, and the annual taxable income that is not less than RMB1 million nor more than RMB3 million shall be included in its taxable income at the reduced rate of 50%, with the applicable enterprise income tax rate of 20%.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例》), which were revised by the State Council on November 19, 2017 and became effective on the same date, and the Implementation Rules for the Provisional Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例實施細則》), which were revised by the MOF on October 28, 2011 and became effective on November 1, 2011, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. Pursuant to the Notice on Adjusting VAT Rates (《關於調整增值稅稅率的通知》) which was promulgated by the MOF and the SAT on April 4, 2018 and became effective on May 1, 2018, the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods shall be adjusted to 16% and 10%, respectively. Subsequently, the MOF, the STA and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) on March 20, 2019 to make a further adjustment, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

City Maintenance and Construction Tax and Educational Surcharges

According to the Notice on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) which was issued by the State Council on October 18, 2010 and came into effect on December 1, 2010, since December 1, 2010, the Provisional Regulations on Urban Maintenance and Construction Tax of the People's Republic of China (《中華人民共和國城市維護建設稅暫行條例》) issued in 1985, the Provisional Regulations on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) issued in 1986, and other rules and regulations issued by the State Council and other competent

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departments in charge of relevant financial and tax authorities shall apply to foreign-invested enterprises, foreign enterprises and foreign individuals. According to the Provisional Regulations on Urban Maintenance and Construction Tax of the People's Republic of China (《中華人民共和國城市維護建設稅暫行條例》) which were issued by the State Council on February 8, 1985, retroactive to January 1, 1985 and revised on January 8, 2011), entities and individuals who pay consumption tax, value-added tax and business tax shall pay city maintenance and construction tax. The payment of city maintenance and construction tax is based on the actual amount of consumption tax, value-added tax and business tax paid by the entities and individuals and shall be paid at the same time along with the above taxes. If the location of the taxpayer is in city downtown area, the tax rate shall be 7%; if the location of the taxpayer is in a county or town, the tax rate shall be 5%; and the tax rate shall be 1% for taxpayer located out of city downtown area, country or town. Effective from September 1, 2021, the Municipal Maintenance Tax Law of the People's Republic of China (《中華人民共和國城市維護建設稅法》) will supersede the Provisional Regulations on Urban Maintenance and Construction Tax of the People's Republic of China.

REGULATIONS ON FOREIGN EXCHANGE CONTROL

Pursuant to the Regulations on Foreign Exchange Control of the People's Republic of China (Revised in 2008) (《中華人民共和國外匯管理條例(2008修訂)》), which were promulgated by the State Council on January 29, 1996, came into effect on April 1, 1996 and were revised on January 14, 1997 and August 5, 2008, foreign exchange receipts of domestic institutions or individuals may be transferred to China or deposited abroad and the SAFE shall specify the conditions for transfer to China or overseas and other requirements in accordance with the international balance of payments and requirements of foreign exchange control. Foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaged in the settlement or sale of foreign exchange. Domestic institutions or individuals that make direct investments abroad or are engaged in the distribution or sale of valuable securities or derivative products overseas shall register according to SAFE regulations. Such institutions or individuals subject to prior approval or record-filing with relevant authorities shall complete the required approval or record-filing prior to foreign exchange registration. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

According to the Notice on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Control Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "Notice 13") which became effective on June 1, 2015, banks are required to review and carry out foreign exchange registration under offshore direct investment directly. The SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

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The Notice of the SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**Notice 19**”), promulgated on March 30, 2015 and became effective on June 1, 2015, allows foreign-invested enterprises to make equity investment by using RMB fund converted from foreign exchange capital. Under the Notice 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) may be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. The SAFE may adjust such proportion in due time based on the circumstances of the international balance of payments. However, pursuant to the Notice 19 and the Notice of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本專案結匯管理政策的通知》) (the “**Notice 16**”) which became effective on June 16, 2016, foreign-invested enterprises are prohibited from using RMB fund converted from its foreign exchange capital for expenditure beyond their business scope, securities investment or other investment wealth management (except for principal-guaranteed products issued by banks), providing loans to non-affiliated enterprises, or constructing or purchasing real estate not for self-use.

On October 23, 2019, the SAFE promulgated the Notice of the SAFE on Further Promoting Cross-border Trade and Investment Facilitation (《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 “**Notice 28**”) which was implemented on the same date. Under the Notice 28, besides foreign-invested investment enterprises, foreign-invested non-investment enterprises are also permitted to make domestic equity investment with their capital funds under the conditions that the [Negative List 2020] are not violated and the relevant domestic investment projects are true and compliant.

According to the Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) which was issued by the SAFE on April 10, 2020 and became effective on June 1, 2020, eligible enterprises are allowed to make domestic payment by using their capital, foreign credits and income under capital accounts from overseas listing, without the need to provide the evidential materials concerning the authenticity of such capital for banks in advance, provided that their utilized capital shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot checks in accordance with the relevant requirements.

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REGULATIONS ON H SHARE FULL CIRCULATION

H Share Full Circulation Pilot Project

Pursuant to the Notice of the CSRC regarding “the Implementation of the H Share Full Circulation Pilot Project to Deepen the Reform of Overseas Listing (《中國證監會「深化境外上市制度改革開展H股『全流通』試點」》) and the Reply to the Press by Chang Depeng, the CSRC Spokesperson, regarding the Implementation of the H Share Full Circulation Pilot Project (《中國證監會新聞發言人常德鵬就開展H股「全流通」試點相關事宜答記者問》) issued by the CSRC on 29 December 2017, the Provisional Implementation Rules on the H Share Full Circulation Pilot Project (《H股「全流通」試點業務實施細則(試行)》) issued by China Securities Depository and Clearing Company Limited and Shenzhen Stock Exchange on April 20, 2018 and the Provisional Guidelines on the H Share Full Circulation Pilot Project (《H股「全流通」試點業務指南(試行)》) issued by China Securities Depository and Clearing Company Limited on May 22, 2018, for overseas listed companies with approval of the H Share Full Circulation Pilot Project of the CSRC (the “**Pilot Companies**”), the registration authority of relevant shares under the H Share Full Circulation Pilot Project will change from China Securities Depository and Clearing Corporation Limited to a registration authority in Hong Kong, and relevant shares will become shares listed and traded on the Stock Exchange. There shall be no more than three Pilot Companies which shall follow certain procedures and meet the following four basic conditions:

- (1) It shall meet the requirements of relevant laws and policies regarding foreign investment, management of state-owned assets, national security and industrial policies.
- (2) The industry where it operates shall be in line with the development concept of innovation, harmony, green, openness and sharing, the development direction of national industrial policies as well as national strategies which serve the real economy and support the Belt and Road Initiative. It shall be a quality enterprise.
- (3) Its shareholding structure shall be relatively simple with a market value not less than HK\$1 billion.
- (4) Its corporate governance and internal decision-making procedures shall comply with laws and regulations, be operable and fully protect the rights to know, participate and vote of its shareholders.

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On November 14, 2019, the CSRC issued the Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H share Companies (Announcement of the CSRC [2019] No. 22) (《H股公司境內未上市股份申請「全流通」業務指引》中國證券監督管理委員會公告([2019] 22號)), and the supporting catalogue of materials for application for “Full Circulation” of H shares and highlights of review, to comprehensively roll out the “Full Circulation” reform of H shares, which allows that H share companies and proposed H share listed companies which meet certain conditions may apply to the CSRC for full circulation.

On November 15, 2019, the CSRC issued the Reply to the Press by the CSRC Spokesperson regarding the Fully Implementation of the “Full Circulation” Reform of H Shares (《中國證監會新聞發言人就全面推開H股「全流通」改革答記者問》), pursuant to which H Shares companies may apply for “full circulation” alone or together with refinance application. Unlisted corporations may apply for “full circulation” together with [REDACTED] application. Upon approval by the CSRC, shareholders of domestic unlisted shares shall change share registration according to relevant rules of China Securities Depository and Clearing Corporation Limited as well as rules of share registration and share listing of the Hong Kong market, and shall disclose information lawfully.

Effect of the H Share Full Circulation Pilot Project on our Company

Under the H Share Full Circulation Pilot Project, the Shareholders may circulate their Shares on hand for asset realization, further giving the Shareholders the motivation to promote our Company’s development and hence improving our Company’s performance. The H Share Full Circulation Pilot Project enhances the liquidity of equity interests, which in turn increases the equity values of the original Shareholders and enables larger capability and higher flexibility in the management of our Company’s market values, and thus improves the overall valuation level of our Company in the mid and long run. Upon the H Share Full Circulation, the liquidity of the Shareholders’ existing shares will be enhanced. Market premium of such liquidity drives our Company’s financing capabilities and, in particular, its long-term borrowing capacities.

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Founded in 2008, we are the leading industry expert knowledge services provider in China, with our expert network and client base having global presence. According to Frost & Sullivan, in 2020, we were the largest industry expert knowledge services provider in China as measured by revenue. Our business includes provision of (i) expert consultation services; (ii) research services; and (iii) conferencing services. Mr. Xu is our founder, chairman, executive Director and chief executive officer. He has over 10 years of experience in the industry expert knowledge services market. For details of Mr. Xu, please refer to the section headed “Directors, Supervisors and Senior Management” in this document.

MILESTONES

The following events set forth the major milestones in our business development:

Year	Events
2008	Our Company was established and started to provide expert consultation services to two UK based global financial institutions
2009	Our Company started to provide expert consultation services to a global leading consulting firm
2012	Our conferencing services were introduced
2014	Our operation was expanded to extend our expert consultation services to global corporations Number of experts in our industry expert network database system exceeded 100,000
2015	Capvision Elite was incorporated in Hong Kong for the development of overseas markets Our research services were introduced We started our US local business
2017	Our Company was recognized as a High and New Technology Enterprise (高新技術企業) by the Shanghai Science and Technology Committee (上海市科學技術委員會), the Shanghai Municipal People’s Government (上海市政府) and the State Taxation Bureau of Shanghai Municipal (國家稅務總局上海市稅務局)
2018	Number of experts in our industry expert network database system exceeded 200,000 Our Company was converted into a joint stock company
2020	Number of experts in our industry expert network database system exceeded 300,000

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OUR CORPORATE DEVELOPMENT

Since the establishment of our Group and as of the Latest Practicable Date, the development of our Company and our Group's major subsidiaries had made significant contributions to our operating results or had significant strategic significance to our business development.

Establishment of our Company

Our Company, formerly named as Kairen Investment Consulting (Shanghai) Limited (凱仁投資諮詢(上海)有限公司) and renamed as Capvision Partners (Shanghai) Corporation Limited (凱盛融英信息科技(上海)有限公司) on April 27, 2015, was a limited liability company established in the PRC on November 24, 2008, with an initial registered capital of RMB700,000. Upon its establishment, our Company was wholly owned by Capvision Partners (HK), which was indirectly owned as to 50% each by Mr. Xu, our co-founder, chairman, executive Director and chief executive officer, and Hong Kai, the other co-founder, which is an Independent Third Party.

Since the establishment, our Company has undertaken a series of capital increases to raise funds for the development of its business and to bring in new shareholders to our Company. The major shareholding changes of our Company are set out below:

Capital Increases in 2012 and 2013

On March 12, 2012 and September 27, 2013, the registered capital of our Company was increased from RMB700,000 to RMB1,000,000 and from RMB1,000,000 to RMB10,000,000, respectively, all of which were contributed by Capvision Partners (HK).

Capital Increases and Equity Transfers in 2015

On April 28, 2015, Capvision Partners (HK) entered into an equity transfer agreement with Mr. Xu, pursuant to which Capvision Partners (HK) transferred the capital contribution of RMB10,000,000 (representing the then entire equity interest in our Company) to Mr. Xu at a consideration of RMB16,000,000, which was determined after arm's length negotiation by both parties with reference to the market conditions and based on the business development and prospects of our Company. Upon the completion of such equity transfer on June 5, 2015, our Company was wholly owned by Mr. Xu.

On August 25, 2015, the registered capital of our Company was increased by RMB800,000 (approximately 8.00% of the then equity interest in our Company), among which RMB421,828 (approximately 4.22% of the then equity interest in our Company) was contributed by Mr. Xu, RMB108,000 (approximately 1.08% of the then equity interest in our Company) by Cheng Yijiang (程頤江) (our Director and senior management), and a total of RMB270,172 (approximately 2.70% of the then equity interest in our Company) was contributed by seven natural persons, who are Independent Third Parties. Upon completion of the capital increases, the registered capital of our Company was increased to RMB10,800,000.

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On the same date, Mr. Xu entered into equity transfer agreements with Ruiyuan Capital, Teng Xuejun (滕學軍) (our Director), Chen Rongsheng (陳榮生) (one of our Single Largest Group of Shareholder), Tu Qiang (圖強) (our Director and senior management), Zhang Bo (張博) (our senior management), Xuan Dongmei (宣東梅) (a director of Capvision Pro), Ji Beibei (季貝貝) (our Supervisor), Zhu Wei (朱韡) (our Supervisor), Zhu Weiyin (朱偉寅) (our Supervisor), and 20 natural persons who are Independent Third Parties, pursuant to which Mr. Xu transferred the capital contribution of RMB6,474,548 (representing 59.95% of the equity interest of our Company) to the transferees mentioned above at a total consideration of RMB10,359,280, which was determined after arm’s length negotiation by the parties with reference to the market conditions and based on the business development and prospects of our Company. The equity transfers were completed on September 28, 2015.

Upon completion of the above capital increases and equity transfers, our Company was owned by the following Shareholders:

Shareholder	Capital contribution (RMB)	Approximate percentage of capital contribution ⁽²⁾
Mr. Xu	3,947,280	36.55%
Ruiyuan Capital	812,568	7.52%
Teng Xuejun (滕學軍) (our Director)	499,729	4.63%
Chen Rongsheng (陳榮生) (one of our Single Largest Group of Shareholders)	460,455	4.26%
Tu Qiang (圖強) (our Director and senior management)	305,228	2.83%
Zhang Bo (張博) (our senior management)	148,971	1.38%
Cheng Yijiang (程頤江) (our Director and senior management)	108,000	1.00%
Ji Beibei (季貝貝) (our Supervisor)	23,834	0.22%
Zhu Wei (朱韡) (our Supervisor)	14,834	0.14%
Zhu Weiyin (朱偉寅) (our Supervisor)	2,709	0.03%
Xuan Dongmei (宣東梅) (a director of Capvision Pro)	81,257	0.75%
Other 27 natural person Shareholders ⁽¹⁾	4,395,135	40.70%
Total	10,800,000	100%

Note:

(1) Other 27 natural person Shareholders included: Fang Wenyan (方文艷) (7.52%), Yang Fangfang (楊芳芳) (5.02%), Li Ying (李英) (4.01%), Zhang Yiqian (章伊倩) (3.51%), Wang Yaning (王雅寧) (3.21%), Guo Hongmei (郭紅梅) (2.01%), Jia Chenlan (賈晨瀾) (1.76%), Zhu Yuqin (祝玉琴) (1.50%), Xu Binfeng (徐斌峰) (1.25%), Liu Xiqiao (柳溪橋) (1.25%), Ren Pingping (任萍萍) (1.00%), Li Ying (李鷹) (0.81%), Li Lantian (李藍天) (0.75%), Chen Heming (陳鶴明) (0.50%), Dai Leilei (代蕾蕾) (0.50%), Liu Jun (劉俊) (0.50%), Lu Weimin (魯為敏) (0.50%), Qin Jing (秦晶) (0.50%), Liu Ying (劉迎) (0.50%), Liu Chunsheng (劉春生) (0.25%), Tao Yi (陶怡) (0.25%), Liu Weiyi (劉偉義) (0.25%), Chen Lei (陳磊) (0.25%), Cai Rong (蔡榮) (0.13%), Huang Kanger (黃康爾) (0.03%) and Chu Yan (褚彥) (0.03%), each an Independent Third Party, and Lin Renxin (林仁信) (2.90%), the brother-in-law of Teng Xuejun, our Director.

(2) Each of the figures is rounded up to two decimal place and may not add up due to rounding.

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Capital Increases and Equity Transfers in 2016

On February 1, 2016, two natural person Shareholders (Liu Ying (劉迎) and Liu Weiyi (劉偉義)), each an Independent Third Party) entered into equity transfer agreements with Mr. Xu, pursuant to which they transferred the capital contribution of RMB81,086 (representing 0.75% of the then equity interest of our Company) to Mr. Xu at a total consideration of RMB129,738, which was determined after arm's length negotiation between the parties with reference to the then market conditions and based on the business development and prospects of our Company. The above equity transfers were completed on February 25, 2016.

On February 1, 2016, Chen Rongsheng (陳榮生) (one of our Single Largest Group of Shareholders) entered into an equity transfer agreement with each of Zhang Yiqian (章伊倩) and Li Nuan (李暖) (each an Independent Third Party), pursuant to which he transferred the capital contribution of RMB199,800 (representing 1.85% of the then equity interest of our Company) to Zhang Yiqian (章伊倩) at a consideration of RMB319,680 and the capital contribution of RMB64,800 (representing 0.6% of the then equity interest of our Company) to Li Nuan (李暖) at a consideration of RMB103,680. The above considerations were determined after arm's length negotiation by both parties with reference to the then market conditions and based on the business development and prospects of our Company. Such equity transfers were completed on February 25, 2016.

On July 18, 2016, the registered capital of our Company was increased by RMB540,000 (approximately 5.00% of the then equity interest in our Company), which was contributed by Shanghai Yuezhi. Upon completion of the capital increase, the registered capital of our Company was increased to RMB11,340,000.

On November 9, 2016, all of our then Shareholders entered into equity transfer agreements with Tianrong Dingheng, Tianrong Dingxin and Tianrong Dingchen (the general partner of each of Tianrong Dingheng, Tianrong Dingxin and Tianrong Dingchen is Tianfeng Huiying), pursuant to which (i) Tianrong Dingheng acquired the capital contribution of RMB889,835 (representing 7.85% of the then equity interest of our Company); (ii) Tianrong Dingxin acquired the capital contribution of RMB840,692 (representing 7.41% of the then equity interest of our Company); (iii) Tianrong Dingchen acquired the capital contribution of RMB537,473 (representing 4.74% of the then equity interest of our Company) at a total consideration of RMB383,600,001. The consideration was determined after arm's length negotiation between the parties with reference to the then market conditions and based on the business development and prospects of our Company. The equity transfers were completed on November 14, 2016.

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Upon completion of the above capital increases and equity transfers, our Company was owned by the following Shareholders:

Shareholder	Capital contribution (RMB)	Approximate percentage of capital contribution
Mr. Xu	3,246,531	28.63%
Tianrong Dingheng	889,835	7.85%
Tianrong Dingxin	840,692	7.41%
Ruiyuan Capital	650,054	5.73%
Tianrong Dingchen	537,473	4.74%
Shanghai Yuezhi	432,000	3.81%
Teng Xuejun (滕學軍) (our Director)	399,783	3.53%
Tu Qiang (圖強) (our Director and senior management)	244,182	2.15%
Chen Rongsheng (陳榮生) (one of our Single Largest Group of Shareholders)	156,684	1.38%
Zhang Bo (張博) (our senior management)	119,177	1.05%
Cheng Yijiang (程頤江) (our Director and senior management)	86,400	0.76%
Ji Beibei (季貝貝) (our Supervisor)	19,067	0.17%
Zhu Wei (朱韡) (our Supervisor)	11,867	0.10%
Zhu Weiyin (朱偉寅) (our Supervisor)	2,167	0.02%
Xuan Dongmei (宣東梅) (a director of Capvision Pro)	65,006	0.57%
Other 24 natural person Shareholders ⁽¹⁾	3,639,082	32.10%
Total	11,340,000	100%

Note:

- (1) Other 24 natural person Shareholders included: Fang Wenyan (方文艷) (5.73%), Zhang Yiqian (章伊倩) (4.65%), Yang Fangfang (楊芳芳) (3.83%), Li Ying (李英) (3.06%), Wang Yaning (王雅寧) (2.44%), and Lin Renxin (林仁信) (2.90%), the brother-in-law of Teng Xuejun, our Director, Guo Hongmei (郭紅梅) (1.53%), Jia Chenlan (賈晨瀾) (1.34%), Zhu Yuqin (祝玉琴) (1.15%), Xu Bin Feng (徐斌峰) (0.96%), Ren Pingping (任萍萍) (0.76%), Li Ying (李鷹) (0.62%), Li Lantian (李藍天) (0.57%), Li Nuan (李暖) (0.46%), Liu Xiqiao (柳溪橋) (0.38%), Chen Heming (陳鶴明) (0.38%), Dai Leilei (代蕾蕾) (0.38%), Liu Jun (劉俊) (0.38%), Lu Weimin (魯為敏) (0.38%), Qin Jing (秦晶) (0.38%), Liu Chunsheng (劉春生) (0.19%), Chen Lei (陳磊) (0.19%), Cai Rong (蔡榮) (0.10%) and Huang Kanger (黃康爾) (0.02%), each an Independent Third Party.

Equity Transfers in 2017

On May 20, 2017, the following parties entered into equity transfer agreements in relation to the following equity transfers:

- (i) Ruiyuan Capital entered into an equity transfer agreement with Tianjin Qiche, pursuant to which Ruiyuan Capital transferred its entire holding of the capital contribution of RMB650,054 (representing 5.73% of the then equity interest in our Company) to Tianjin

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Qiche at a consideration of RMB109,947,400, which was determined after arm’s length negotiation by both parties with reference to the then market conditions and based on the business development and prospects of our Company; and

- (ii) Huang Kanger (黃康爾) (an Independent Third Party) entered into an equity transfer agreement with Mr. Xu, pursuant to which Huang Kanger (黃康爾) transferred the capital contribution of RMB2,167 (representing 0.02% of the then equity interest in our Company) to Mr. Xu at a consideration of RMB366,517, which was determined after arm’s length negotiation by both parties with reference to the then market conditions and based on the business development and prospects of our Company.

Upon completion of the above equity transfers on May 25, 2017, our Company was owned by the following Shareholders:

Shareholder	Capital contribution (RMB)	Approximate percentage of capital contribution ⁽²⁾
Mr. Xu	3,248,698	28.65%
Tianrong Dingheng	889,835	7.85%
Tianrong Dingxin	840,692	7.41%
Tianjin Qiche	650,054	5.73%
Tianrong Dingchen	537,473	4.74%
Shanghai Yuezhi	432,000	3.81%
Teng Xuejun (滕學軍) (our Director)	399,783	3.53%
Tu Qiang (圖強) (our Director and senior management)	244,182	2.15%
Chen Rongsheng (陳榮生) (one of our Single Largest Group of Shareholders)	156,684	1.38%
Zhang Bo (張博) (our senior management)	119,177	1.05%
Cheng Yijiang (程頤江) (our Director and senior management)	86,400	0.76%
Ji Beibei (季貝貝) (our Supervisor)	19,067	0.17%
Zhu Wei (朱韡) (our Supervisor)	11,867	0.10%
Zhu Weiyin (朱偉寅) (our Supervisor)	2,167	0.02%
Xuan Dongmei (宣東梅) (a director of Capvision Pro)	65,006	0.57%
Other 23 natural person Shareholders ⁽¹⁾	3,636,915	32.07%
Total	11,340,000	100%

Note:

- (1) Other 23 natural person Shareholders included: Fang Wenyan (方文艷) (5.73%), Zhang Yiqian (章伊倩) (4.65%), Yang Fangfang (楊芳芳) (3.83%), Li Ying (李英) (3.06%), Wang Yaning (王雅寧) (2.44%), Guo Hongmei (郭紅梅) (1.53%), Jia Chenlan (賈晨瀾) (1.34%), Zhu Yuqin (祝玉琴) (1.15%), Xu Bin Feng (徐斌峰) (0.96%) and Ren Pingping (任萍萍) (0.76%), Li Ying (李鷹) (0.62%), Li Lantian (李藍天) (0.57%), Li Nuan (李暖) (0.46%), Liu Xiqiao (柳溪橋) (0.38%), Chen Heming (陳鶴明) (0.38%), Dai Leilei (代蕾蕾) (0.38%), Liu Jun (劉俊) (0.38%), Lu Weimin (魯為敏) (0.38%), Qin Jing (秦晶) (0.38%), Liu Chunsheng (劉春生) (0.19%), Chen Lei (陳磊) (0.19%) and Cai Rong (蔡榮) (0.10%), each an Independent Third Party, and Lin Renxin (林仁信) (2.90%), the brother-in-law of Teng Xuejun, our Director.

- (2) Each of the figures is rounded up to one decimal place and may not add up due to rounding.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity Transfers in 2018

On April 17, 2018, the following parties entered into equity transfer agreements in relation to the following equity transfers:

- (a) Tianrong Dingheng entered into an equity transfer agreement with Gortune Kanghe, pursuant to which Tianrong Dingheng transferred its entire holding of the capital contribution of RMB889,835 (representing 7.85% of the then equity interest in our Company) to Gortune Kanghe at a consideration of RMB174,985,190, which was determined after arm’s length negotiation by both parties with reference to the then market conditions and based on the business development and prospects of our Company; and
- (b) Tianrong Dingchen entered into an equity transfer agreement with Gortune Kangjia, pursuant to which Tianrong Dingchen transferred its entire holding of the capital contribution of RMB537,473 (representing 4.74% of the then equity interest in our Company) to Gortune Kangjia at a consideration of RMB105,693,544, which was determined after arm’s length negotiation by both parties with reference to the then market conditions and based on the business development and prospects of our Company.

Upon completion of the above equity transfers on April 24, 2018, our Company was owned by the following Shareholders (i.e. the Promoters) immediately prior to the conversion of our Company into a joint stock company:

Shareholder	Capital contribution	Approximate percentage of capital contribution ⁽²⁾
	<i>(RMB)</i>	
Mr. Xu	3,248,698	28.65%
Gortune Kanghe	889,835	7.85%
Tianrong Dingxin	840,692	7.41%
Tianjin Qiche	650,054	5.73%
Gortune Kangjia	537,473	4.74%
Shanghai Yuezhi	432,000	3.81%
Teng Xuejun (滕學軍) (our Director)	399,783	3.53%
Tu Qiang (圖強) (our Director and senior management)	244,182	2.15%
Chen Rongsheng (陳榮生) (one of our Single Largest Group of Shareholders)	156,684	1.38%
Zhang Bo (張博) (our senior management)	119,177	1.05%
Cheng Yijiang (程頤江) (our Director and senior management)	86,400	0.76%
Ji Beibei (季貝貝) (our Supervisor)	19,067	0.17%
Zhu Wei (朱韡) (our Supervisor)	11,867	0.10%
Zhu Weiyin (朱偉寅) (our Supervisor)	2,167	0.02%
Xuan Dongmei (宣東梅) (a director of Capvision Pro)	65,006	0.57%
Other 23 natural person Shareholders ⁽¹⁾	3,636,915	32.07%
Total	11,340,000	100%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) Other 23 natural person Shareholders included: Fang Wenyan (方文艷) (5.73%), Zhang Yiqian (章伊倩) (4.65%), Yang Fangfang (楊芳芳) (3.83%), Li Ying (李英) (3.06%), Wang Yaning (王雅寧) (2.44%), Guo Hongmei (郭紅梅) (1.53%), Jia Chenlan (賈晨瀾) (1.34%), Zhu Yuqin (祝玉琴) (1.15%), Xu Binfeng (徐斌峰) (0.96%), Ren Pingping (任萍萍) (0.76%), Li Ying (李鷹) (0.62%), Li Lantian (李藍天) (0.57%), Li Nuan (李暖) (0.46%), Liu Xiqiao (柳溪橋) (0.38%), Chen Heming (陳鶴明) (0.38%), Dai Leilei (代蕾蕾) (0.38%), Liu Jun (劉俊) (0.38%), Lu Weimin (魯為敏) (0.38%), Qin Jing (秦晶) (0.38%), Liu Chunsheng (劉春生) (0.19%), Fan Yang (范楊) (0.19%), and Cai Rong (蔡榮) (0.10%), each an Independent Third Party, and Lin Renxin (林仁信) (2.90%), the brother-in-law of Teng Xuejun, our Director.
- (2) Each of the figures is rounded up to one decimal place and may not add up due to rounding.

Equity Transfers in 2019

On March 27, 2019, Fan Yang (范楊) entered into an equity transfer agreement with Mr. Xu, pursuant to which Fan Yang (范楊) transferred 94,950 Shares (representing 0.19% of the then equity interest of our Company) to Mr. Xu at a consideration of RMB1,200,000, which was determined after arm’s length negotiation by both parties with reference to the then market conditions and based on the business development and prospects of our Company. Such equity transfer was completed and settled on June 6, 2019 and Fan Yang (范楊) ceased to be a Shareholder.

On December 30, 2019, Tianrong Dingxin entered into an equity transfer agreement with Tu Qiang (圖強), pursuant to which Tianrong Dingxin transferred 250,000 Shares (representing 0.50% of the then equity interest of our Company) to Tu Qiang (圖強) (our Director and senior management) at a consideration of RMB10,000,000, which was determined after arm’s length negotiation by both parties with reference to the then market conditions and based on the business development and prospects of our Company. Such equity transfer was completed and settled on December 31, 2019.

Equity Transfers in 2020

On January 20, 2020, Li Ying (李鷹) entered into an equity transfer agreement with each of Mr. Xu and Xu Wei (徐薇) (a senior management), pursuant to which Li Ying (李鷹) transferred 235,400 Shares (representing 0.47% of the then equity interest in our Company) to Mr. Xu at a consideration of RMB9,416,000 and 75,000 Shares (representing 0.15% of the then equity interest in our Company) to Xu Wei (徐薇) at a consideration of RMB3,000,000. The above considerations were determined after arm’s length negotiation by both parties with reference to the then market conditions and based on the business development and prospects of our Company. Such equity transfers were completed and settled on July 8, 2021 and Li Ying (李鷹) ceased to be a Shareholder.

On January 22, 2020, Liu Jun (劉俊) entered into an equity transfer agreement with Xuan Dongmei (宣東梅) (a senior management), pursuant to which Liu Jun (劉俊) transferred 191,100 Shares (representing 0.38% of the then equity interest of our Company) to Xuan Dongmei (宣東梅) at a consideration of RMB7,644,000, which was determined after arm’s length negotiation by

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

both parties with reference to the then market conditions and based on the business development and prospects of our Company. Such equity transfer was completed and settled on February 10, 2020 and Liu Jun (劉俊) ceased to be a Shareholder.

Equity Transfer in 2021

On June 20, 2021, Cai Rong (蔡榮) entered into an equity transfer agreement with Mr. Xu, pursuant to which Cai Rong (蔡榮) transferred 47,750 Shares (representing 0.10% of the then equity interest in our Company) to Mr. Xu at a consideration of RMB3,342,500, which was determined after arm’s length negotiation by both parties with reference to the then market conditions and based on the business development and prospects of our Company. Such equity transfer was completed and settled on July 2, 2021 and Cai Rong (蔡榮) ceased to be a Shareholder.

Equity Transfers to Pre-[REDACTED] Investors

From May 2020 to July 2021, some of the Promoters transferred their equity interests in our Company to the Pre-[REDACTED] investors. For further details, please refer to the paragraph headed “Pre-[REDACTED] Investments — 1. Equity Transfers to the Pre-[REDACTED] Investors” in this section.

REORGANIZATION

Conversion into a Joint Stock Company

On May 9, 2018, our Shareholders passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock company. Pursuant to a promoters’ agreement dated May 9, 2018, the Promoters approved the conversion of the net asset value of our Company as of May 31, 2017 of RMB112,986,410.73 into 50,000,000 Shares.

On May 24, 2018, our Company convened our inaugural meeting and our first general meeting, and passed related resolutions approving the conversion into a joint stock company, our Articles of Association and the relevant procedures. Upon the completion of the conversion, the registered capital of our Company became RMB50,000,000 divided into 50,000,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all the Promoters in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on May 31, 2018 when our Company obtained a new business license. As advised by our PRC Legal Advisors, our Company has complied with applicable PRC laws and regulations in relation to the changes of shareholdings as set out above.

Acquisition of Capvision Pro

For the purpose of better business delineation between our Group and our Single Largest Group of Shareholders, Mr. Xu, entered into a stock purchase agreement with Capvision US on December 18, 2020, pursuant to which Mr. Xu transferred 4,800 Class A shares of Capvision Pro (representing 70.59% of its equity interest) to Capvision US at a total consideration of USD1,341,176.47, which was determined after arm’s length negotiation by the parties with reference to the valuation of Capvision US as of July 31, 2020 based on a valuation report

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

prepared by an independent valuer. The above acquisition was properly and legally completed and settled on December 28, 2020, and all applicable regulatory approvals have been obtained. Upon completion of the acquisition, Capvision Pro became our non wholly-owned subsidiary. For further details, please refer to the paragraph headed “Subsidiaries — Capvision Pro” in this section.

Upon completion of the above equity transfers and reorganization and the Pre-[REDACTED] Investments and as of the Latest Practicable Date, our Company was owned by the following Shareholders:

Shareholder	Number of Shares	Approximate percentage of shareholding
Mr. Xu	14,702,150	29.40%
Gortune Kanghe	3,923,450	7.85%
Shangjing Huaxi	3,303,263	6.61%
Gortune Kangjia	2,369,800	4.74%
Shanghai Yuezhi	1,904,750	3.81%
Teng Xuejun (滕學軍) (our Director)	1,762,700	3.53%
Tu Qiang (圖強) (our Director and senior management)	1,326,650	2.65%
Silk Road Fund	1,092,658	2.19%
Chen Rongsheng (陳榮生) (one of our Single Largest Group of Shareholders)	690,850	1.38%
Andai Huizhi	655,594	1.31%
Pingtian Hengli	655,594	1.31%
Zhang Bo (張博) (our senior management)	525,450	1.05%
Xuan Dongmei (宣東梅) (a director of Capvision Pro)	477,700	0.96%
Anji Kaitai	397,310	0.79%
Cheng Yijiang (程頤江) (our Director and senior management)	380,950	0.76%
Huijia Zhihe	218,531	0.44%
Ji Beibei (季貝貝) (our Supervisor)	84,050	0.17%
Xu Wei (徐薇) (our senior management)	75,000	0.15%
Zhu Wei (朱韉) (our Supervisor)	52,300	0.10%
Zhu Weiyin (朱偉寅) (our Supervisor)	9,550	0.02%
Other 19 natural person Shareholders ⁽¹⁾	15,391,700	30.78%
Total	50,000,000	100%

Notes:

(1) Other 19 natural person Shareholders included: Fang Wenyan (方文艷) (5.73%), Zhang Yiqian (章伊倩) (4.65%), Yang Fangfang (楊芳芳) (3.83%), Li Ying (李英) (3.06%), Wang Yaning (王雅寧) (2.44%), Guo Hongmei (郭紅梅) (1.53%), Jiang Tengzhi (蔣騰志) (1.34%), Zhu Yuqin (祝玉琴) (1.15%), Xu Bin Feng (徐斌峰) (0.96%), Ren Pingping (任萍萍) (0.76%), Tian Jie (田潔) (0.57%), Li Nuan (李暖) (0.46%), Liu Xiqiao (柳溪橋) (0.38%), Chen Heming (陳鶴明) (0.38%), Dai Leilei (代蕾蕾) (0.38%), Lu Weimin (魯為敏) (0.38%), Qin Jing (秦晶) (0.38%) and Liu Chunsheng (劉春生) (0.19%), each an Independent Third Party, and Lin Renxin (林仁信) (2.90%), the brother-in-law of Teng Xuejun, our Director.

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SUBSIDIARIES

During the Track Record Period, our Company had the following subsidiaries.

Capvision Financing

Capvision Financing is a limited liability company established in the PRC on May 22, 2018. The business scope of Capvision Financing includes asset management, industrial investment and investment management. Upon its establishment, Capvision Financing has been wholly owned by our Company. As of the Latest Practicable Date, Capvision Financing had a registered capital of RMB10,000,000.

Capvision Elite

Capvision Elite is a limited company incorporated in Hong Kong on June 24, 2015. Capvision Elite is our overseas investment platform and is principally engaged in the development of overseas markets for our Group. Upon its establishment, Capvision Elite has been wholly owned by our Company. As of the Latest Practicable Date, Capvision Elite had an issued share capital of HK\$1 comprising one share.

Capvision US

Capvision US is a corporation incorporated under the laws of New York, the United States on October 13, 2015. Capvision US was set up to develop the US market for our Group. Upon its establishment, Capvision US issued 20,000 shares of stock to Capvision Elite and has been wholly owned by Capvision Elite.

Capvision Pro

Capvision Pro is a corporation incorporated under the laws of New York, the United States on April 2, 2019. The business scope of Capvision Pro is conducting professional knowledge sharing services. As of the Latest Practicable Date, Capvision Pro had 6,800 shares in issue, which was composed of 6,400 Class A shares and 400 Class B shares, and was owned as to 70.59%, 14.71%, 11.76% and 2.94% by Capvision US, G&D Enterprises, Xuan Dongmei (宣東梅) and Keith Cole, respectively. Xuan Dongmei (宣東梅) and Keith Cole are directors of Capvision Pro.

PRE-[REDACTED] INVESTMENTS

1. Equity Transfers to the Pre-[REDACTED] Investors

Transfer of equity interests by Tianrong Dingxin

On May 21, 2020, Tianrong Dingxin, our Company and Mr. Xu entered into equity transfer agreements with (i) some of the Pre-[REDACTED] Investors, namely Silk Road Fund, Pingtan Hengli, Andai Huizhi, Huijia Zhihe and Anji Kaitai (the “**Agreements**”), and (ii) Qianhe Capital, pursuant to which the aforementioned investors agreed to purchase Shares from Tianrong Dingxin.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Set out below are the number of Shares transferred, percentage of shareholding and consideration of the equity transfers:

Names of the Pre-[REDACTED] Investors	Number of Shares acquired	Approximate percentage of shareholding	Consideration (RMB)
Silk Road Fund	1,092,658	2.19%	50,000,000
Pingtian Hengli	655,594	1.31%	30,000,000
Andai Huizhi	655,594	1.31%	30,000,000
Huijia Zhihe	218,531	0.44%	10,000,000
Qianhe Capital	437,063	0.87%	20,000,000
Anji Kaitai	397,310	0.79%	18,180,448

The considerations of the above equity transfers were determined with reference to the net asset value of our Company as of December 31, 2019 and based on the business development and prospects of our Company, and the equity transfers were last completed and settled on July 7, 2020 and Tianrong Dingxin ceased to be a Shareholder.

Transfer of equity interests by Jia Chenlan

On May 27, 2020, Jia Chenlan (賈晨瀾), an Independent Third Party entered an equity transfer agreement with Jiang Tengzhi (蔣騰志), an Independent Third Party, pursuant to which Jia Chenlan (賈晨瀾) transferred 668,800 Shares (representing 1.34% of the equity interest in our Company) to Jiang Tengzhi (蔣騰志) at a consideration of RMB30,604,288, which was determined after arm’s length negotiation by both parties with reference to the then market conditions and based on the business development and prospects of our Company. Such equity transfer was completed and settled on May 27, 2020 and Jia Chenlan (賈晨瀾) ceased to be a Shareholder.

Transfer of equity interests by Tianjin Qiche and Qianhe Capital

On December 1, 2020, Tianjin Qiche entered into an equity transfer agreement with Shangjing Huaxi, pursuant to which Tianjin Qiche transferred 2,866,200 Shares (representing 5.73% equity interest of our Company) to Shangjing Huaxi at a consideration of RMB131,157,312, which was determined after arm’s length negotiation by both parties with reference to the then market conditions and based on the business development and prospects of our Company. Such equity transfer was completed on December 9, 2020 and Tianjin Qiche ceased to be a Shareholder.

On December 21, 2020, Qianhe Capital entered into an equity transfer agreement with Shangjing Huaxi, pursuant to which Qianhe Capital transferred 437,063 Shares (representing 0.87% equity interest of our Company) to Shangjing Huaxi at a consideration of RMB20,000,000, which was determined after arm’s length negotiation by both parties with reference to the then market conditions and based on the business development and prospects of our Company. Such equity transfer was completed and settled on December 28, 2020 and Qianhe Capital ceased to be a Shareholder.

Transfer of equity interest by Li Lantian

On July 6, 2021, Li Lantian (李藍天) entered into an equity transfer agreement with his spouse, Tian Jie (田潔), pursuant to which Li Lantian (李藍天) transferred 286,600 Shares (representing 0.57% of the equity interest in our Company) to Tian Jie (田潔) at a consideration of RMB130,011.2, which was determined with reference to the investment cost and taking into account the relationship between the parties. Such equity transfer was completed and settled on July 7, 2021 and Li Lantian (李藍天) ceased to be a Shareholder.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

2. Terms of the Pre-[REDACTED] Investments

Set out below is a summary of the details of the Pre-[REDACTED] Investments:

Investors	Silk Road Fund	Pingtian Hengli	Andai Huizhi	Huijia Zhihe	Anji Kaitai	Jiang Tengzhi (蔣騰志)	Shangjing Huaxi	Tian Jie (田潔)
Date of agreement	May 21, 2020	May 21, 2020	May 21, 2020	May 21, 2020	May 21, 2020	May 27, 2020	December 1, 2020 and December 21, 2020	July 6, 2021
Number of Shares acquired	1,092,658	655,594	655,594	218,531	397,310	668,800	3,303,263	286,600
Percentage of shareholding	2.19%	1.31%	1.31%	0.44%	0.79%	1.34%	6.61%	0.57%
Consideration (RMB)	50,000,000	30,000,000	30,000,000	10,000,000	18,180,448	30,604,288	151,157,312	130,011.2
Date of full settlement of consideration	July 7, 2020	July 6, 2020	May 29, 2020	June 2, 2020	June 3, 2020	May 27, 2020	December 28, 2020	July 7, 2021
Cost per Share (RMB)	45.76	45.76	45.76	45.76	45.76	45.76	45.76	0.45

[REDACTED]

Shareholdings in our Company as of the Latest Practicable Date (%)	2.19	1.31	1.31	0.44	0.79	1.34	6.61	0.57
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Shareholdings in our Company upon completion of the [REDACTED] (assuming no exercise of the [REDACTED]) (%)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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Basis of determining the consideration	The considerations were determined with reference to the net asset value of our Company as of December 31, 2019 and based on the business development and prospects of our Company.					The considerations were determined with reference to the market conditions and based on the business development and document of our Company.		The consideration was determined with reference to the investment cost and taking into account the relationship between parties.
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Use of [REDACTED] No [REDACTED] were received by our Company during these Pre-[REDACTED] Investments as these Pre-[REDACTED] Investors acquired Shares from the then Shareholders.

Lock-up Period Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all current Shareholders (including the Pre-[REDACTED] Investors) could not dispose of any of the Shares held by them.

Note: The discount to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per H Share (being the mid-point of the indicative [REDACTED] range).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

3. Background and shareholdings of the Pre-[REDACTED] Investors

Set out below are the backgrounds of the Pre-[REDACTED] Investors and their shareholdings in our Company as of the Latest Practicable Date and immediately upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised):

Pre-[REDACTED] Investors	Background of the Pre-[REDACTED] Investors
Silk Road Fund	<p>The general partner of Silk Road Fund is Zhejiang Silk Road Industry Fund Co., Ltd. (浙江絲路產業基金有限公司) (“Silk Road Industry Fund”) and limited partners are Zhejiang United Investment Group (浙江民營企業聯合投資股份有限公司) (“ZUIG”), Zhejiang Transportation Investment Group Co., Ltd. (浙江省交通投資集團有限公司), Hangzhou Heda Financial Services Co., Ltd. (杭州和達金融服務有限公司), Zhejiang Industrial Fund Co., Ltd. (浙江省產業基金有限公司), Hangzhou Fushi Investment Management Partnership (Limited Partnership) (杭州賦實投資管理合夥企業(有限合夥)), Service Trade Innovation Development Guidance Fund (Limited Partnership) (服務貿易創新發展引導基金(有限合夥)), Silk Road Industry Fund and Ningbo Meishan Free Trade Port Zone ZUI Zhejiu Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區浙民投浙玖投資管理合夥企業(有限合夥)), (as to 35.80%, 19.89%, 14.92%, 9.95%, 9.95%, 8.95%, 0.50% and 0.05%, respectively). Silk Road Industry Fund is controlled by ZUIG, which is in turn controlled by nine companies, none of which owns more than 20% of its equity interest. Silk Road Fund and the aforementioned entities are Independent Third Parties.</p> <p>Silk Road Fund is principally engaged in equity investment, equity investment management, business investment, asset management, finance consulting, investment consulting and investment management consulting.</p>
Pingtan Hengli	<p>The general partner of Pingtan Hengli is Ningbo Meishan Free Trade Port Zone ZUI Investment Management Co., Ltd. (寧波梅山保稅港區浙民投投資管理有限公司) (“ZUIM”) and the limited partners are Lin Haining (林海寧), Lin Zuoheng (林作恒), Zhang Zhongwen (張仲文), Wu Meina (吳美娜), Chen Hui (陳卉) and ZUIM (as to 40.89%, 32.78%, 15.73%, 5.30%, 4.97% and 0.33%, respectively). ZUIM is a wholly-owned subsidiary of Hangzhou ZUI Industrial Co., Ltd. (杭州浙民投實業有限公司), which is a wholly-owned subsidiary of ZUIG. Pingtan Hengli and the aforementioned entities and individuals are Independent Third Parties.</p> <p>Pingtan Hengli is principally engaged in the investments in primary industry, secondary industry and tertiary industry, and investment consulting.</p>
Andai Huizhi	<p>The general partner of Andai Huizhi is Meilan Equity Investment Fund Management (Huzhou) Partnership Enterprise (Limited Partnership) (美嵐股權投資基金管理(湖州)合夥企業(有限合夥)) (“Meilan Equity Investment Fund”) and the limited partners are China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司), Xiamen Longyao Investment Co., Ltd. (廈門瓏耀投資有限公司), Tang Ying Yuanxu (Ningbo) Equity Investment Management Partnership (Limited Partnership) (唐盈元旭(寧波)股權投資管理合夥企業(有限合夥)), Huzhou Industrial Fund Investment Co., Ltd. (湖州市產業基金投資有限公司), Huzhou Huiyuan Equity Investment Partnership (Limited Partnership) (湖州匯緣股權投資合夥企業(有限合夥)) and Meilan Equity Investment Fund (as to 30%, 30%, 15.38%, 15%, 8.08% and 1.54%, respectively). The general partner of Meilan Equity Investment Fund is Huzhou Huilan Investment Consulting Co., Ltd. (湖州匯嵐投資諮詢有限公司) (“Huzhou Huilan Investment Consulting Co., Ltd.”), which is owned as to 50% and 50% by Zhu Qin (朱勤) and Hu Yinbin (胡寅斌), respectively. Andai Huizhi and the above entities and individuals are Independent Third Parties.</p>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Pre-[REDACTED] Investors	Background of the Pre-[REDACTED] Investors
	Andai Huizhi is principally engaged in private equity investment and investment management.
Huijia Zhihe	<p>The general partner of Huijia Zhihe is Huzhou Huilan Investment Consulting Co., Ltd. and the limited partners are Zhu Zhengyu (朱正宇), Han Jin (韓勁) and Wu Yongqing (吳勇慶) (as to 45.80%, 41.22% and 12.21%, respectively). Huijia Zhihe and the aforementioned entities and individuals are Independent Third Parties.</p> <p>Huijia Zhihe is principally engaged in corporate management and equity investments.</p>
Anji Kaitai	<p>The general partner of Anji Kaitai is Shanghai Kaitai Investment Management Co., Ltd. (上海楷泰投資管理有限公司) (“Shanghai Kaitai Investment Management”) and the limited partners are Hong Jinmo (洪金膜) and Shanghai Kaitai Investment Management (as to 85% and 15%, respectively). Shanghai Kaitai Investment Management is owned as to 50%, 40% and 10% by Hong Jinmo (洪金膜), Ningbo Meishan Free Trade Port Zone Linghuidahang Investment Management Partnership (Limited Partnership) 寧波梅山保稅港區領慧達行投資管理合夥企業(有限合夥) (“Linghuidahang Investment Management”) and Wensixing Brand Consulting (Shenzhen) Co., Ltd. (聞斯行品牌諮詢(深圳)有限公司). Linghuidahang Investment Management is managed and controlled by its general partner, Zhang Shao (張劭). Anji Kaitai and the aforementioned entities and individuals are Independent Third Parties.</p> <p>Anji Kaitai is principally engaged in corporate management, information consulting services, social and economic consulting services, financial consulting, taxation services, marketing planning, non-residential real estate leasing, residential leasing, parking lot services, conference and exhibition services.</p>
Jiang Tengzhi (蔣騰志) . . .	Jiang is a financial investor who is an Independent Third Party.
Shangjing Huaxi	<p>The general partner of Shangjing Huaxi is Shanghai Xiheng Capital Management Co. Ltd. (上海晞恒資產管理有限公司) (“Shanghai Xiheng”) and the limited partners are Tao Qin (陶勤) and Shanghai Xiheng (as to 99.99% and 0.01%, respectively). Shanghai Xiheng is controlled by Qianhe Investment Co., Ltd. (千合投資有限公司) which is in turn controlled by Qianhe Capital Management Co., Ltd. (千合資本管理有限公司) which is in turn owned as to 90% and 10% by Wang Yawei (王亞偉) and Tao Qin (陶勤), respectively. Shangjing Huaxi and the aforementioned entities and individuals are Independent Third Parties.</p> <p>Shanghai Huaxi is principally engaged in private equity funds, including equity investments, investment management, asset management and venture capital and other activities.</p>
Tian Jie (田潔)	Tian is a financial investor who is an Independent Third Party.

4. Strategic benefits

Our Company would benefit from knowledge and experience of the Pre-[REDACTED] Investors and the Pre-[REDACTED] Investments demonstrated the Pre-[REDACTED] Investors’ confidence in the operation and development of our Group.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

5. Special rights of the Pre-[REDACTED] Investors

Silk Road Fund, Pingtan Hengli, Andai Huizhi, Huijia Zhihe and Anji Kaitai (collectively, the “Investors”) were granted certain special rights including information right and right to most favorable treatments (the “Special Rights”) according to the Agreements. Pursuant to the supplemental agreements to the Agreements dated August 1, 2021 entered into by our Company, Mr. Xu and each of the [REDACTED], the parties agreed, among other things, to terminate the Special Rights with effect from August 1, 2021 and that the Special Rights will be reinstated automatically if our Company fails to be [REDACTED] on the Stock Exchange or its application for [REDACTED] is withdrawn.

Save as disclosed above, no other special rights were granted to the Pre-[REDACTED] Investors.

6. Confirmation of the Joint Sponsors

The Joint Sponsors are of the view that the pre-[REDACTED] investments made by the Pre-[REDACTED] Investors are in compliance with the Interim Guidance on Pre-[REDACTED] Investments (HKEEx-GL29-12) and the Guidance on Pre-[REDACTED] investments (HKEEx-GL43-12).

[REDACTED] AND CONVERSION OF DOMESTIC SHARES INTO H SHARES

The table below sets out the shareholding structure of the company following completion of the [REDACTED] and conversion of Domestic Shares into H Shares:

Name of the Shareholder	Total Number of Shares	Approximate percentage of our total issued Shares as of the Latest Practicable Date	Approximate percentage of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of our total issued Shares upon [REDACTED] exercise of the [REDACTED] in full	Number of H Shares converted from Domestic Shares	Number of Domestic Shares remaining	Whether the H Shares converted from Domestic Shares will to be counted into [REDACTED]
Mr. Xu	14,702,150	29.4%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	no
Gortune Kanghe	3,923,450	7.85%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	no
Gortune Kangjia	2,369,800	4.74%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	no
Shanghai Yuezhi	1,904,750	3.81%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	no
Teng Xuejun (滕學軍)	1,762,700	3.53%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	no
Tu Qiang (圖強)	1,326,650	2.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	no
Chen Rongsheng (陳榮生)	690,850	1.38%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	no
Xuan Dongmei (宣東梅)	477,700	0.96%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	no

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of the Shareholder	Total Number of Shares	Approximate percentage of our total issued Shares as of the Latest Practicable Date	Approximate our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of our total issued Shares upon exercise of the [REDACTED] in full	Number of H Shares converted from Domestic Shares		Whether the H Shares converted from Domestic Shares will be counted into [REDACTED]
					Number of H Shares converted from Domestic Shares	Number of Domestic Shares remaining	
Cheng Yijiang (程頤江)	380,950	0.76%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	no
Ji Beibei (季貝貝)	84,050	0.17%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	no
Zhu Wei (朱韉)	52,300	0.1%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	no
Zhu Weiyin (朱偉寅)	9,550	0.02%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	no
Shangjing Huaxi	3,303,263	6.61%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Fang Wenyan (方文豔)	2,866,200	5.73%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Zhang Yiqian (章伊倩)	2,325,950	4.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Yang Fangfang (楊芳芳)	1,913,950	3.83%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Li Ying (李英)	1,528,650	3.06%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Wang Yaning (王雅寧)	1,221,350	2.44%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Lin Renxin (林仁信)	1,103,500	2.21%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Silk Road Fund	1,092,658	2.19%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Guo Hongmei (郭紅梅)	764,300	1.53%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Jiang Tengzhi (蔣騰志)	668,800	1.34%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Andai Huizhi	655,594	1.31%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Pingtian Hengli	655,594	1.31%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Zhu Yuqin (祝玉琴)	573,250	1.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Zhang Bo (張博)	525,450	1.05%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Xu Bin Feng (徐斌峰)	477,700	0.96%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Anji Kaitai	397,310	0.79%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Ren Pingping (任萍萍)	382,150	0.76%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Tian Jie (田潔)	286,600	0.57%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Li Nuan (李暖)	228,550	0.46%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Huijia Zhihe	218,531	0.44%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Liu Xiqiao (柳溪橋)	192,000	0.38%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Chen Heming (陳鶴明)	191,100	0.38%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Dai Leilei (代蕾蕾)	191,100	0.38%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Lu Weimin (魯為敏)	190,500	0.38%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Qin Jing (秦晶)	190,500	0.38%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Liu Chunsheng (劉春生)	95,550	0.19%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Xu Wei (徐薇)	75,000	0.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	yes
Total	50,000,000	100%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

17,272,434 Domestic Shares held by other 27 Shareholders, representing approximately 34.54% of our total issued Shares as of the Latest Practicable Date, or approximately [REDACTED] of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED] of our total issued Shares upon exercise of the [REDACTED] in full will all be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules after conversion into H Shares following the completion of the [REDACTED]. Assuming the [REDACTED] are allotted and issued to [REDACTED], it is expected that [REDACTED] H Shares, or approximately [REDACTED] of our total issued Shares or approximately [REDACTED] of our H Shares upon [REDACTED] (assuming the [REDACTED] is not exercised) will be held by the [REDACTED] upon completion of the [REDACTED] in accordance with 8.08 of the Listing Rules.

Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all current Shareholders could not dispose of any of the Shares held by them.

COMPLIANCE WITH LAWS AND REGULATIONS

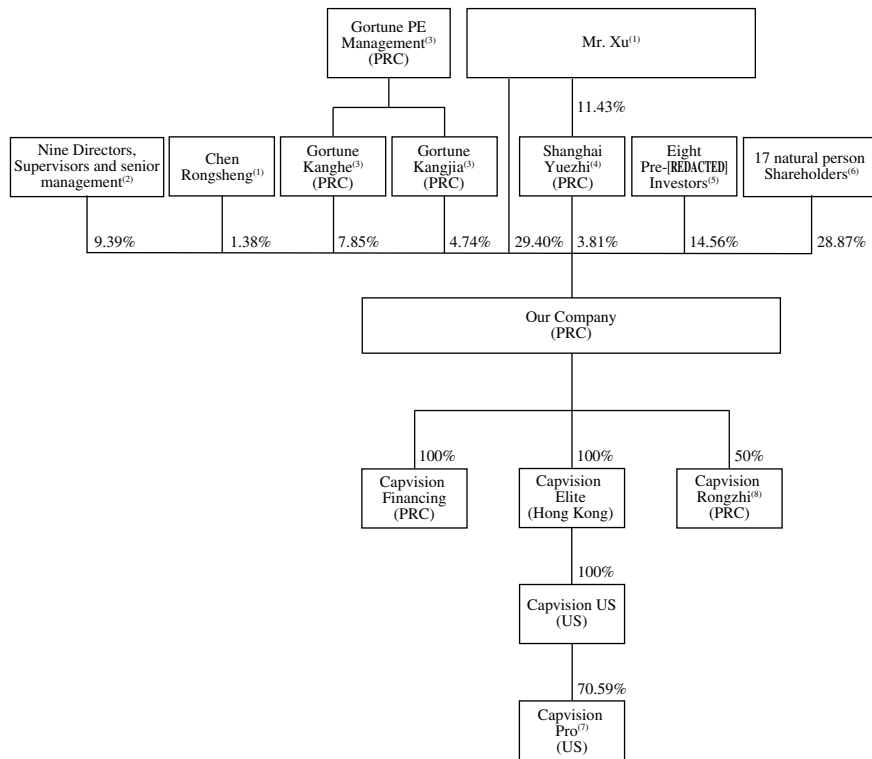
As of the Latest Practicable Date, the establishment of our Company and each of the subsidiaries of our Group (including Capvision Financing, Capvision Elite, Capvision US and Capvision Pro) and the transfers of equity interests and changes in registered capital (where applicable) had been properly and legally completed in compliance with the applicable laws and regulations.

As advised by our PRC Legal Advisors, all the abovementioned transfers of our Company are effective, legally binding and in compliance with the PRC laws and regulations, and all permits, authorizations, approvals and consents necessary for the above transactions have been obtained from the relevant PRC government authorities.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Our shareholding structure immediately prior to the [REDACTED] is set out as below:

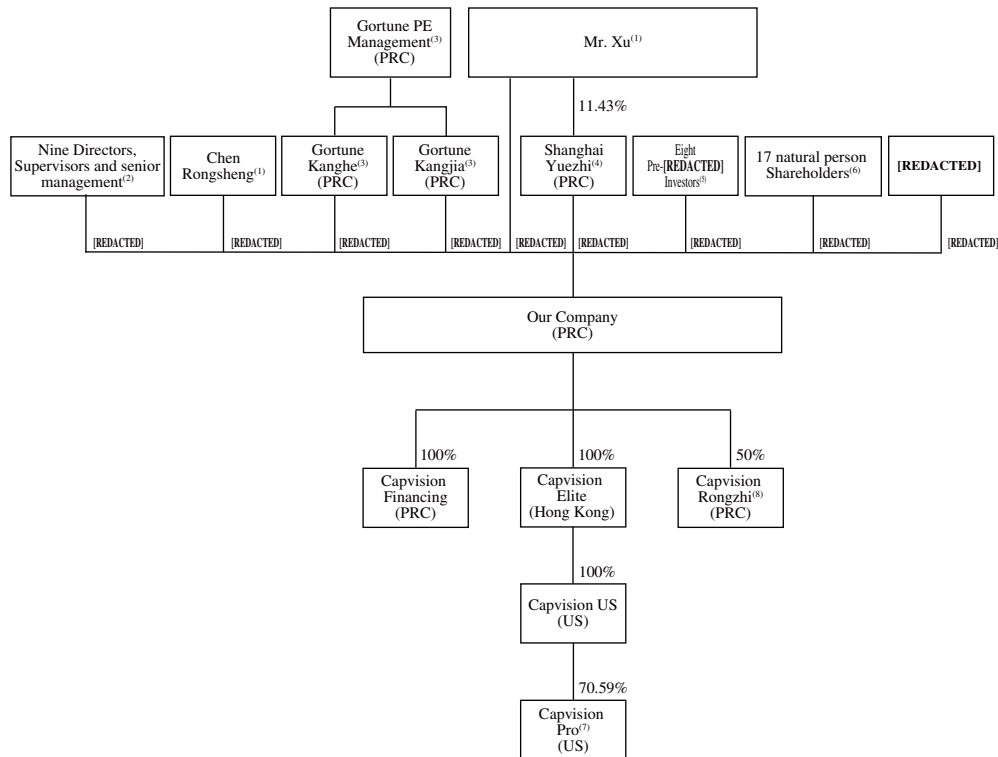


Notes:

- Mr. Xu and Chen Rongsheng (陳榮生) are parties acting in concert with each other. For further details, please refer to the section headed “Relationship with our Single Largest Group of Shareholders” in this document.
- Nine Directors, Supervisors and senior management include our Directors, namely Teng Xuejun (滕學軍), Tu Qiang (圖強) and Cheng Yijiang (程頤江), our Supervisors, namely Ji Beibei (季貝貝), Zhu Wei (朱韡) and Zhu Weiyin (朱偉寅), and our senior management Zhang Bo (張博), Xu Wei (徐薇) and Xuan Dongmei (宣東梅).
- Each of Gortune Kanghe and Gortune Kangjia was owned as to 0.01% by its general partner, Gortune PE Management.
- Shanghai Yuezhi was held as to approximately 11.43% by its general partner, Mr. Xu.
- Each of Shangjing Huaxi, Silk Road Fund, Pingtan Hengli, Andai Huizhi, Huijia Zhihe, Anji Kaitai, Jiang Tengzhi (蔣騰志) and Tian Jie (田潔) is our Pre-[REDACTED] Investor. For further details, please refer to the paragraph headed “Pre-[REDACTED] Investments — 3. Background and shareholdings of the Pre-[REDACTED] Investors” in this section.
- The 17 natural person Shareholders included: Fang Wenyan (方文艷) (5.73%), Zhang Yiqian (章伊倩) (4.65%), Yang Fangfang (楊芳芳) (3.83%), Li Ying (李英) (3.06%), Wang Yaning (王雅寧) (2.44%), Guo Hongmei (郭紅梅) (1.53%), Zhu Yuqin (祝玉琴) (1.15%), Xu Binfeng (徐斌峰) (0.96%), Ren Pingping (任萍萍) (0.76%), Li Nuan (李暖) (0.46%), Liu Xiqiao (柳溪橋) (0.38%), Chen Heming (陳鶴明) (0.38%), Dai Leilei (代蕾蕾) (0.38%), Lu Weimin (魯為敏) (0.38%), Qin Jing (秦晶) (0.38%) and Liu Chunsheng (劉春生) (0.19%), and Lin Renxin (林仁信) (2.90%), the brother-in-law of Teng Xuejun, our Director.
- Capvision Pro is owned as to 70.59%, 14.71%, 11.76% and 2.94% by Capvision US, G&D Enterprises, Xuan Dongmei (宣東梅) and Keith Cole, respectively. G&D Enterprises is an Independent Third Party, and Xuan Dongmei (宣東梅) and Keith Cole are directors of Capvision Pro.
- Capvision Rongzhi is owned as to 50% by our Company and 25% each by two Independent Third Parties which are controlled by the SASAC, namely China Resources Investment (Shenzhen) Co., Ltd.* (華潤投資創業(深圳)有限公司) and Shenzhen China Resources Technology Venture Capital Co., Ltd.* (深圳市華潤科技創投有限公司).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Our shareholding structure immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised) is set out as below:



Notes:

- (1) Mr. Xu and Chen Rongsheng (陳榮生) are parties acting in concert with each other. For further details, please refer to the section headed “Relationship with our Single Largest Group of Shareholders” in this document.
- (2) Nine Directors, Supervisors and senior management include our Directors, namely Teng Xuejun (滕學軍), Tu Qiang (圖強) and Cheng Yijiang (程頤江), our Supervisors, namely Ji Beibei (季貝貝), Zhu Wei (朱韉) and Zhu Weiyin (朱偉寅), and our senior management Zhang Bo (張博), Xu Wei (徐薇) and Xuan Dongmei (宣東梅).
- (3) Each of Gortune Kanghe and Gortune Kangjia was owned as to 0.01% by its general partner, Gortune PE Management.
- (4) Shanghai Yuezhi was held as to approximately 11.43% by its general partner, Mr. Xu.
- (5) Each of Shangjing Huaxi, Silk Road Fund, Pingtan Hengli, Andai Huizhi, Huijia Zhihe, Anji Kaitai, Jiang Tengzhi (蔣騰志) and Tian Jie (田潔) is our Pre-[REDACTED] Investor. For further details, please refer to the paragraph headed “Pre-[REDACTED] Investments — 3. Background and shareholdings of the Pre-[REDACTED] Investors” in this section.
- (6) The 17 natural person Shareholders included: Fang Wenyan (方文艷) ([REDACTED]%), Zhang Yiqian (章伊倩) ([REDACTED]%), Yang Fangfang (楊芳芳) ([REDACTED]%), Li Ying (李英) ([REDACTED]%), Wang Yaning (王雅寧) ([REDACTED]%), Guo Hongmei (郭紅梅) ([REDACTED]%), Zhu Yuqin (祝玉琴) ([REDACTED]%), Xu Binfeng (徐斌峰) ([REDACTED]%), Ren Pingping (任萍萍) ([REDACTED]%), Li Nuan (李暖) ([REDACTED]%), Liu Xiqiao (柳溪橋) ([REDACTED]%), Chen Heming (陳鶴明) ([REDACTED]%), Dai Leilei (代蕾蕾) ([REDACTED]%), Lu Weimin (魯為敏) ([REDACTED]%), Qin Jing (秦晶) ([REDACTED]%) and Liu Chunsheng (劉春生) ([REDACTED]%), and Lin Renxin (林仁信) ([REDACTED]%), the brother-in-law of Teng Xuejun, our Director.
- (7) Capvision Pro is owned as to 70.59%, 14.71%, 11.76% and 2.94% by Capvision US, G&D Enterprises, Xuan Dongmei (宣東梅) and Keith Cole, respectively. G&D Enterprises is an Independent Third Party, and Xuan Dongmei (宣東梅) and Keith Cole are directors and members of the senior management of Capvision Pro.
- (8) Capvision Rongzhi is owned as to 50% by our Company and 25% each by two Independent Third Parties which are controlled by the SASAC, namely China Resources Investment (Shenzhen) Co., Ltd.* (華潤投資創業(深圳)有限公司) and Shenzhen China Resources Technology Venture Capital Co., Ltd.* (深圳市華潤科技創投有限公司).

BUSINESS

OVERVIEW

Founded in 2008, we are the leading industry expert knowledge services provider in China, with our expert network and client base having global presence. According to Frost & Sullivan, in 2020, we were the largest industry expert knowledge services provider in China as measured by revenue. We are headquartered in Shanghai and have established bases in Beijing, Suzhou, Shenzhen, Hong Kong and New York City. We connect our clients, including a broad range of large and prominent financial institutions, consulting firms and global corporations, to industry experts across a wide range of industries and regions. We believe our ability to quickly arrange in-depth and highly tailored consultations for our clients with well-qualified industry experts in a flexible manner, ranging in duration from brief interactions to longer-term projects, is the core of our value proposition to clients. In addition to arranging expert consultations, we also provide research services and conference services to our clients. Our research services assemble teams of internal analysts who collaborate with external experts to conduct industry research, market research or similar services in response to specific client needs, and our conference services arrange in-person and virtual conferences at which clients can meet experts for industry and business insights.

With first-mover advantages and strong brand recognition, according to Frost & Sullivan, we are a leading player in the rapidly growing industry expert knowledge services market in China. In 2020, according to Frost & Sullivan, the size of the consulting industry globally and in China was approximately USD440.9 billion and USD21.3 billion, respectively, and the size of the industry expert knowledge services market globally and in China was approximately USD3.0 billion and USD278 million respectively. We were the largest service provider in the China market in terms of revenue in 2020, with a market share of approximately 33.0%, according to Frost & Sullivan. Due to a number of factors including the rapid development of the financial industry in China and the increasing willingness of enterprises to pay for expert knowledge, the industry expert knowledge services market in China is expected to grow at a compound annual growth rate (“CAGR”) of 29.3% between 2020 and 2025, reaching USD1,004 million in 2025, and the global industry expert knowledge services market is expected to grow at a CAGR of 12.8% between 2020 and 2025, reaching USD5,512 million in 2025. We believe that our competitive strengths and our business strategies position us well to maintain rapid growth in the industry expert knowledge services markets both in China and overseas, as we plan to increase our presence both domestically within China and in select international markets.

Due to the high quality and timeliness of the industry expert knowledge services that we have made available to our clients over the years, we have built a high-quality client base comprising a broad range of large and prominent financial institutions, consulting firms and global corporations. Our client base as of March 31, 2021 included 80% of the 20 global consulting firms that had the highest prestige ratings according to Vault; 90% of the 20 private equity and venture capital firms

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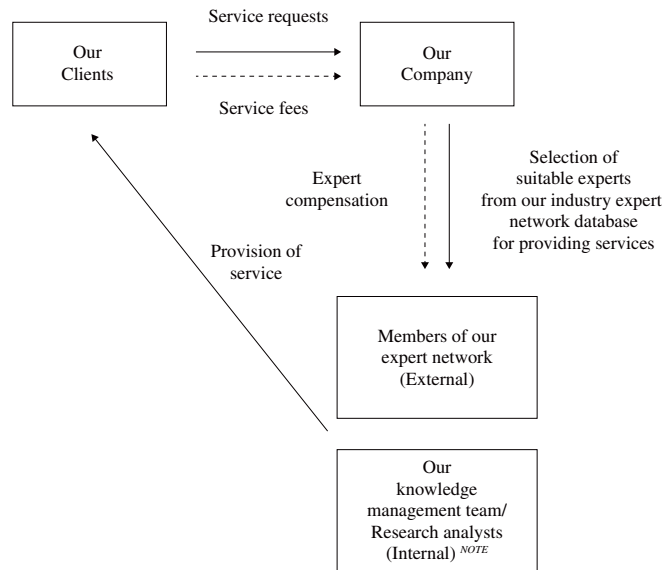
that had made the largest number of investments in China, according to Frost & Sullivan; 100% of the 20 largest securities companies in China based on total assets, according to SAC and Frost & Sullivan; and 90% of the top 10 TMT companies in China based on comprehensive strength as ranked by the Internet Society of China. The number of clients we served has grown substantially, from 758 for the year ended December 31, 2018 to 975 for the year ended December 31, 2019 and further to 1,236 for the year ended December 31, 2020. We have already served 1,005 clients for the three months ended March 31, 2021. Along with the increase in the size of our client base, we have also managed to maintain a high transaction value per client. We have established stable relationships with many of our clients as evidenced by their repeat usage of our services during the Track Record Period. We believe that these relationships give us an advantage which creates a substantial barrier to entry for other competitors in the market.

Armed with the professional knowledge of each expert, we provide high-quality services for our clients. Our core service is customized consultation services based on each client’s research requests. We can arrange the most relevant experts for one-on-one phone or in-person consultations to provide our clients with specific, detailed, highly customized business insights in response to the clients’ most challenging demands. Leveraging our extensive expert network, for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, our experts provided approximately 95,000 hours, 120,000 hours, 150,000 hours and 46,000 hours of service to our clients, respectively. In addition to our core consultation services, we also provide research services and conference services. We believe that the professionalism of our service is widely recognized by many of our clients, helping us to establish a strong brand reputation, and that our service has become a benchmark for the industry expert knowledge services market in China.

The key strength of our services lies in the professional knowledge and insights we provide through our expert network to our clients. Our expert network has grown rapidly, from approximately 230,000 members as of December 31, 2018 to approximately 360,000 members as of March 31, 2021. We believe our experts are highly skilled and qualified in their specialized fields to provide insights to our clients. Such industry experts include corporate executives, business leaders and other industry veterans, as well as academic elites and strategic analysts. The members of our expert network cover a wide range of industries, including consumer and retail, healthcare, TMT, consulting services, automobiles and finance, among others. For the years ended December 31, 2018, 2019 and 2020 and for the three months ended March 31, 2021, average revenue per client we had served was approximately RMB508,000, RMB472,000, RMB520,000 and RMB211,000, respectively. Members of our expert network are not our employees. For further details relating to our management and relationship with members of our expert network, see “— Our Expert Network” in this section.

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The diagram below illustrates our business model:



Note: Support provided by our knowledge management teams and our internal research analysts is only applicable where the service-package pricing model is adopted.

Our proprietary and scalable IT infrastructure supports every major aspect of our business. Our industry expert network database system, which forms the core of our IT infrastructure, collects, stores and categorizes agenda and topics of the meetings or consultations, including keywords or catch phrases which enables detailed classification of our industry database; logistics arrangement of the meetings or consultations; expert selection criteria; and feedbacks that we have received from clients about experts. Simultaneously, our IT infrastructure will generate initial matches between clients and experts based on clients’ requirements, and our experienced knowledge management teams will further select and recommend eligible experts based on clients’ needs in order to provide clients with the most precise matching options. Our data is organized into multiple layers and specific sub-categories to pinpoint highly specific service offerings, and this enables us to organize information that may relate to future client enquiries and to envisage what types of information may address further demands from clients. Our industry expert network database system also incorporates significant data about our clients’ industries, helping us to better anticipate their needs. Our industry expert network database system powers our expert network by allowing our well-trained knowledge management teams to swiftly connect our clients with highly qualified experts who can convey the specific insights and information sought. In addition, our IT infrastructure incorporates compliance management functions that not only address our compliance requirements but also enable us to help clients meet their own compliance requirements in

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connection with the use of our services. Moreover, our IT infrastructure is scalable, allowing us to support a rapidly growing ecosystem increasingly incorporating more experts, clients and services in a cost-effective manner.

We utilize our proprietary IT infrastructure under the guidance of our experienced management team to provide quality services to our clients. We believe that our expert network is capable of satisfying varying demands of our sophisticated clients who require expeditious access to expert insights. Our specialized client management teams interact directly with clients to originate projects and understand their objectives, and using our proprietary IT infrastructure, our experienced knowledge management teams quickly identify and match one or more well-qualified and eligible experts to provide insights in response to each client request. Our knowledge management teams also handle all compliance, scheduling and payment processes for members of our expert network, enabling experts to focus on their core competencies. Such demands require customized infrastructure support, and accordingly, our IT specialists help ensure that our IT infrastructure optimally supports our client management teams and our knowledge management teams. The expansion of our expert network and the improvement of our IT infrastructure allow us to build up key competitive advantages against existing and potential new competitors. We believe that our execution capability and our proprietary IT infrastructure allow us to continue to benefit from the virtuous cycle of attracting more experts and clients to use our services.

In addition to our strong position in the China market, we have also successfully expanded into select international markets, serving select international clients' demand for business insights both in the China market and in such international markets. In addition to our experts based in Greater China, we also have experts representation located overseas. As of December 31, 2018, 2019 and 2020 and as of March 31, 2021, we had 8,040, 10,691, 15,777 and 18,016 experts located overseas, of which 2,090, 3,878, 7,411 and 8,912 experts are located in the United States as recorded in our industry expert network database system. While a majority of our revenue during the Track Record Period has been derived from activities in Greater China, for the years ended December 31, 2018, 2019 and 2020 and for the three months ended March 31, 2021, we derived revenue from overseas (predominantly through our U.S. subsidiaries) of nil, RMB5.6 million, RMB35.2 million and RMB11.9 million, respectively.

We had experienced significant growth over the Track Record Period. Our total revenue grew from RMB385.4 million in 2018 to RMB460.5 million in 2019 and further to RMB643.5 million in 2020, representing a CAGR of 29.2%, and our net profit grew from RMB84.5 million in 2018 to RMB92.7 million in 2019 and further to RMB166.6 million in 2020, representing a CAGR of 40.4%. Moreover, our revenue and net profit for the three months ended March 31, 2021 amounted to RMB212.8 million and RMB68.4 million, representing an increase of 53.1% and 46.8%, respectively, compared to the corresponding amounts for the three months ended March 31, 2020.

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To accelerate our growth and capitalize on anticipated favorable industry trends going forward, our strategies include:

- Consolidating and strengthening our leading position in our current core markets in China;
- Tapping into rapidly growing demand in potential markets in China;
- Expanding our geographic footprint internationally, principally in the United States and the Asia-Pacific region (excluding China);
- Integrating, expanding and optimizing our IT infrastructure to increase the degree of automation in our matching of qualified experts to client requests; and
- Grasping investment opportunities through selective mergers and acquisitions, targeting overseas businesses which have certain depth, growth potential and synergy with our business in order to expand our global presence.

For further details, please refer to the section headed “Business Strategies” in this section.

COMPETITIVE STRENGTHS

Leading player in a large and rapidly growing market in China, with first-mover advantages

With first-mover advantages and strong brand recognition, according to Frost & Sullivan, we are a leading player in the rapidly growing industry expert knowledge services market in China. In 2020, according to Frost & Sullivan, the size of the consulting industry globally and in China was approximately USD440.9 billion and USD21.3 billion, respectively, and the size of the industry expert knowledge services market globally and in China was approximately USD3.0 billion and USD278 million respectively. We were the largest service provider in the China market in terms of revenue in 2020, with a market share of approximately 33.0%, according to Frost & Sullivan. Due to a number of factors including the rapid development of the financial industry in China and the increasing willingness of enterprises to pay for expert knowledge, the industry expert knowledge services market in China is expected to grow at a CAGR of 29.3% between 2020 and 2025, reaching USD1,004 million in 2025, and the global industry expert knowledge services market is expected to grow at a CAGR of 12.8% between 2020 and 2025, reaching USD5,512 million in 2025. We believe that our competitive strengths and our business strategies position us well to maintain rapid growth in the industry expert knowledge services markets both in China and overseas, as we plan to increase our presence both domestically within China and in select international markets.

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Given the costs that clients incur in switching from one service provider to another in the industry expert knowledge services market, clients tend to establish long-term cooperative relationships with their suppliers. Accordingly, brand reputation has become a core element in competition within this market. We believe that the professionalism of our service is widely recognized by many of our clients, helping us to establish a strong brand reputation, and that our service has become a benchmark for the industry expert knowledge services market in China.

Extensive network of experienced industry experts covering a wide range of industries and regions

The key strength of our services lies in the professional knowledge and insights we provide through our expert network to our clients. Our expert network has grown substantially, from approximately 230,000 members as of December 31, 2018 to approximately 360,000 members as of March 31, 2021. Our industry experts include corporate executives, business leaders and other industry veterans, as well as academic elites and strategic analysts. The members of our expert network cover a wide range of industries, including consumer and retail (15.8% of our network), healthcare (15.0% of our network), TMT (13.5% of our network), consulting services (7.3% of our network), automobiles (6.0% of our network) and finance (5.3% of our network), among others, as of the three months ended March 31, 2021.

Our value proposition to industry experts is the provision of a platform that helps them to create further value leveraging their professional knowledge and expertise. We believe our experts are highly skilled and qualified in their specialized fields to provide services to our clients. We engage experts through public and private channels and also through recommendations and endorsements by existing experts. We implement a stringent engagement policy, where our internal knowledge management teams validate and vet resumes, qualifications and expertise of each potential expert candidate. Before we recommend any expert to a client for services, we conduct a background check on expert profile information such as identity, location, educational background and employment history, among others. We verify expert identity by checking information on his or her government-issued document. For further details, please refer to paragraph headed “Our Expert Network — Validation of Expert Network Members — Background Checks and Acceptance of Our Terms and Conditions” in this section.

High-quality and stable client base including leading financial institutions, consulting firms and global corporations

Since our founding in 2008, we have established first-mover advantages in the industry expert knowledge services market in China. Due to the high quality and timeliness of the expert knowledge that we have made available to our clients over the years, we have built a high-quality client base that includes many large and prominent financial institutions, consulting firms and

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global corporations. Our client base as of March 31, 2021 included 80% of the 20 global consulting firms that had the highest prestige ratings according to Vault; 90% of the 20 private equity and venture capital firms that had made the largest number of investments in China, according to Frost & Sullivan; 100% of the 20 largest securities companies in China based on total assets, according to SAC and Frost & Sullivan; and 90% of the top 10 TMT companies in China based on comprehensive strength as ranked by the Internet Society of China.

The number of clients we served has grown substantially, from 758 for the year ended December 31, 2018 to 975 for the year ended December 31, 2019 and further to 1,236 for the year ended December 31, 2020. For the three months ended March 31, 2021, we have already served 1,005 clients. For the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, our experts provided approximately 95,000 hours, 120,000 hours, 150,000 hours and 46,000 hours of service to our clients, respectively.

We have established stable relationships with many of our clients as evidenced by their repeat usage of our services made during the Track Record Period. For the years ended December 31, 2018, 2019, 2020 and for the three months ended March 31, 2021, the average revenue per client we had served was approximately RMB508,000, RMB472,000, RMB520,000 and RMB211,000, respectively.

We believe that our high-quality and stable client base lays a solid foundation for our future growth.

Proprietary and scalable information technology infrastructure

We have established a proprietary IT infrastructure with our industry expert network database system at its core. Our industry expert network database system collects, stores and categorizes our industry expert network database. Our data is organized into multiple layers and specific sub-categories to pinpoint highly specific service offerings, which enables us to organize information that may relate to future client enquiries and to envisage what types of information may address further demands from clients. Simultaneously, our IT infrastructure will carry out the initial process of matching clients and experts based on clients' requirements, and our experienced knowledge management teams will then further select and recommend experts based on clients' needs in order to provide clients with the most precise matching options. Powered by proprietary data analytics, our well-trained knowledge management teams leverage our industry expert network database system, which incorporates our accumulated experience from over 10 years in the industry expert knowledge services market, to quickly arrange in-depth and highly tailored consultations for our clients with well-qualified industry experts.

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In addition, our IT infrastructure incorporates client management, knowledge management, business management and financial management functionalities. This system incorporates complete, detailed and standardized regulations for each step in the process of an expert consultation, ranging from project initiation, confirmation of experts, recommendation of experts, consultation arrangements, consultation reminders, standard consultations, consultation follow-up, project follow-up, post-consultation feedback, project closure and project re-start, among others. Our internal management system is designed to support experts and ensure that expert consultations are efficient, orderly and stable. At the same time, we integrate internal compliance management requirements into all important execution nodes of the system, combining business execution with compliance management, comprehensively monitoring and managing risks, and helping customers to meet their own compliance requirements in connection with the use of our services.

To remain at the cutting edge of technological innovation in the industry expert knowledge services market, improve our response time to client requests while maintaining and enhancing the quality of our services, we intend to devote significant resources to expansion and optimization of our IT infrastructure. For further details, please refer to the paragraph headed “Business Strategies — Integrate, expand and optimize our IT infrastructure” in this section.

High-quality service offering generating high levels of client satisfaction and strong brand reputation

Armed with the professional knowledge of each expert, we have provided high-quality services to large and prominent financial institutions, consulting firms, and global corporations.

Our core service is customized consultation services based on each client’s specific requests. We can arrange experts with highly relevant industry experience for one-on-one phone or in-person consultations to provide our clients with specific, detailed, highly customized business insights in response to the clients’ most challenging demands. We have established stable relationships with many of our clients. During the Track Record Period, 77.8% of clients who procured services from us in 2018 continued to do so in 2019, 77.4% of clients who procured services from us in 2019 continued to do so in 2020 and 64.6% of clients who procured services from us in 2020 continued to do so in the first quarter of 2021.

In addition to our core consultation services, leveraging our expert network, we also provide research services and conference services. Our research services assemble teams of internal analysts who collaborate with external experts to help identify developing industry trends, to assist clients in understanding specific markets and provide customized market research and strategic consulting services for clients. Our conference services organize online and offline conferences that outline future economic development trends and set agendas on cutting-edge topics.

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We have cultivated many successful cooperative relationships with hundreds of prestigious domestic and global corporations and our services are increasingly recognized by such prominent clients, helping them formulate market strategies and promote rapid growth of their businesses. We believe that the professionalism of our service is widely recognized by many of our clients, helping us to establish a strong brand reputation, and that our service has become a benchmark for the industry expert knowledge services market in China.

Experienced and visionary management team and highly efficient and stable senior management team

Our business is guided by our highly experienced and visionary management team, under the leadership of our CEO, Mr. Xu. Mr. Xu has over 10 years of experience in the industry expert knowledge services market and 20 years of experience in corporate management. He is primarily responsible for the overall strategic planning and business direction of our Group, management of our Company and overseeing corporate development of our Group. Mr. Xu was joined by Mr. Cheng Yijiang and Ms. Tu Qiang in 2015 and 2012, respectively. Mr. Cheng has prior management experience in the telecommunications and related industries, and Ms. Tu has extensive experience in sales and marketing. For further details, please refer to the section headed “Directors, Supervisors and Senior Management” in this document. As of the Latest Practicable Date, the average duration of our relationship with the six members of our senior management team was approximately 6 years.

We utilize our proprietary IT infrastructure under the guidance of our experienced senior management team. We believe that our expert network is capable of satisfying varying demands of our sophisticated clients who require expeditious access to expert insights. Our specialized client management teams interact directly with clients to originate projects and understand their objectives, and using our proprietary IT infrastructure, our specialized knowledge management teams rapidly identify and match one or more well-qualified experts to provide insights in response to each client request.

Our knowledge management teams also handle all compliance, scheduling and payment processes for members of our expert network, enabling the experts to focus on their core competencies. Our IT specialists help ensure that our IT infrastructure optimally supports our client management and knowledge management teams.

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BUSINESS STRATEGIES

Consolidate and strengthen our leading position in our current core markets in China

We will seek to consolidate and strengthen our leading position in our current core markets in China of servicing large and prominent financial institutions, consulting firms and global corporations. These markets are growing rapidly at present, and we believe that we have an opportunity to increase our share in these markets, enhance our competitive strengths and gain more clients by offering higher-quality service. To capitalize on this opportunity, we intend to invest in measures designed to improve experience for our current clients and to generate intelligence from big data analysis, and we believe that our ability to assist clients in managing their own compliance requirements will play to our strengths in competition within our current core markets in China.

According to Frost & Sullivan, the global information-based consulting industry is expected to grow at a CAGR of 9.1% between 2020 and 2025, reaching USD68.4 billion in 2025. Leveraging our extensive expert resources and our strong understanding of client needs, we intend to continually invest in developing our research services and conference services within this market, to effectively integrate resources from multiple channels and to explore services with market prospects and competitiveness.

We have cultivated many successful cooperative relationships with hundreds of prestigious domestic and global corporations and our services are increasingly recognized by such prominent clients within and outside the Greater China. While tapping into rapidly growing demands in the provision of industry expert knowledge services, we intend to pursue marketing and advertising activities to strengthen and enhance brand recognition, brand awareness among prospective clients and to potentially increase our market share in the market.

Tap into rapidly growing demand in potential markets in China

In addition to large and prominent financial institutions, consulting firms and global corporations, we believe that significant untapped demand exists for industry expert knowledge services among corporations and commercial banks in China, and tapping into this demand is a central element of our strategy.

Existing and prospective corporate clients

We believe that existing and prospective corporate clients in China are likely to benefit from incorporating timely, precise and reliable expert insights into their existing industries, or into new industries as they execute diversification strategies. More and more corporations have established

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internal investment functions and accordingly would benefit from the increased use of industry expert knowledge services. For these reasons, we expect significant growth in demand for industry expert knowledge services among existing and prospective corporate clients in China in the coming years.

To tap into this pool of potential demand, we plan to execute a comprehensive and differentiated marketing strategy. With respect to existing top-tier corporate clients, we plan to engage in targeted marketing, capitalizing on existing goodwill, to better understand their needs for expert insights and to promote our services. With respect to prospective top-tier corporate clients, we intend to mount a broad marketing campaign to educate them about the potential benefits of our industry expert knowledge services. As we continually improve the quality of our expert network and the timeliness of our services, we believe our marketing strategy will enable us to acquire new top-tier corporate clients and expand sales in China.

Commercial banks and their affiliates

According to Frost & Sullivan, as there is an increasing demand for wealth management services, many commercial banks and their affiliates in China are tapping into the growing demand in wealth management services. The demand translates into the need for timely, in-depth and reliable industry expert knowledge services. Therefore, we expect that there will be continuous growth in the demand for industry expert knowledge services among commercial banks and their affiliates in China. By leveraging our leading market position and strong brand reputation, we believe that we are well positioned to seize these business opportunities.

Small and mid-tier financial institutions

According to Frost & Sullivan, the industry expert knowledge services market in China is expected to grow at a CAGR of 29.3% between 2020 and 2025, reaching USD1,004 million in 2025. Much of this growth is expected to result from increasing use of industry expert knowledge services by small and mid-tier financial institutions in China, and one of our key strategies is to establish significant market share among such financial institutions. To increase effective demand for our services in the mid-tier market for industry expert knowledge services in China, we plan to develop a line of services that are more highly automated than our current services, drawing extensively on the improvements to our IT infrastructure that we plan to implement (for further details, please refer to the paragraph headed “Integrate, expand and optimize our IT infrastructure” in this section). By developing a line of services that matches client requests with suitable expert resources in a fully automated manner, we expect to be able to reduce the cost per hour of providing expert consultations to a point where it is more affordable for small and mid-tier financial institutions in China, thereby enabling us to capture a significant part of the anticipated growth in the mid-tier market.

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Expand our geographic footprint internationally

The global industry expert knowledge services market is expected to experience substantial growth between 2020 and 2025. In particular, according to Frost & Sullivan, the industry expert knowledge services market in the United States is expected to grow at a CAGR of 10.8% between 2020 and 2025, reaching USD2,501 million in 2025, and the industry expert knowledge services market in the Asia-Pacific region (excluding China) is expected to grow at a CAGR of 15.2% between 2020 and 2025, reaching USD400 million in 2025. To capitalize on the anticipated substantial growth in these markets, we intend to pursue the following strategies:

United States

The industry expert knowledge services market in the United States is large and relatively mature. To expand our footprint in the United States, we intend to pursue a strategy of expanding sales of U.S.-based expert services to existing U.S.-based multinational financial institution and consulting firm clients that currently use our services in China. Although the U.S. market is relatively mature, competition in that market is based primarily on quality and speed of response, and the relatively low entry barrier to the industry encourages fair competition. We believe that our technology will help us compete with our U.S.-based competitors on quality while winning mandates based on our speed of response. We have established a local servicing team in the United States which currently concentrates on providing services sought by China-based clients. We expect to enhance and expand the scale of our local servicing team in the United States to better serve clients who have executed global cooperation agreements with us.

Asia-Pacific (excluding China)

Some of our most demanding financial institutions, consulting firms and corporate clients may seek to enter into service contracts with industry expert knowledge services providers that cover the entire Asia-Pacific region, including Japan and Singapore, rather than simply the Greater China. However, because to date we have focused our business primarily on the Greater China, we have had limited ability to enter into service contracts that cover the entire Asia-Pacific region (excluding China). To overcome this obstacle, we intend to pursue a strategy of establishing an outpost and expanding our business in the Asia-Pacific region (excluding China). Moreover, certain regions, such as Japan, have cultural entry barriers and it is difficult to engage experts from afar; and therefore we intend to establish a local office in such regions to provide comprehensive services to existing and potential clients. In addition, we also intend to expand our presence in the Asia-Pacific region (excluding China) through selective mergers and acquisitions. For further details, please refer to the paragraph headed “Business Strategies — Selective mergers and acquisitions” in this section.

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Integrate, expand and optimize our IT infrastructure

With our industry expert network database system at its core, our self-developed IT infrastructure is at the heart of our business. We plan to continually invest in the integration, expansion and optimization of our IT infrastructure.

Globalized needs

As our business expands, our IT infrastructure will also be required to satisfy the needs of an increasingly globalized business, especially for our client base, which mainly comprises large and prominent financial institutions, consulting firms and global corporations. In terms of software, we will continue to develop a platform which caters to the needs of overseas experts and clients, incorporating multi-lingual and multi-time zone compatibilities. In terms of hardware, we intend to establish global server network pairings within various regions in order to construct a global business network.

Enhancing data analysis capability

Enhancing data analysis capability is an important strategic goal for our continuous development, as our industry expert network database system collects, stores and categorizes our industry expert network database. In addition, we intend to invest in additional professional personnel to integrate business data with industry knowledge, and to transform our database into a multi-dimensional structure. Through enhancing our data analysis capability, we expect to improve our understanding of client needs and expert capabilities, so as to provide more comprehensive services to our clients.

System intelligence

Through application of AI and training of algorithms, this system is intended to automatically create matches between clients and experts based on supply and demand, which in turn would enhance accuracy. System intelligence is expected to significantly reduce costs, thereby enabling us to provide differentiated low-cost services to SMEs and to help solve the problem of information asymmetry in the decision-making processes of SMEs.

Selective mergers and acquisitions

In the process of entering new regions and expanding our business operations, we will consider strengthening regional businesses, enhancing efficiency of expansion and seeking to generate greater returns from investments through selective mergers and acquisitions. At present, we plan to take the lead in searching for companies with richer local resources in the Asia-Pacific region (excluding China) and the United States for acquisitions, thereby improving our local delivery capabilities to clients. In selecting acquisition targets, we will generally consider the following factors: (i) quality of the client base of the target company (which should complement

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our services); (ii) ability to access large and high-quality expert pool; (iii) compatibility with our business strategies; (iv) market positioning and track record; (v) financial indicators such as revenue generating capability, historical operating metrics and cost structure; and (vi) potential synergies that the target company may bring to our business. As of the Latest Practicable Date, we had not identified any specific suitable target for potential acquisitions and/or investments.

OUR EXPERT NETWORK

Introduction

According to Frost & Sullivan, we are a leading player in the rapidly growing industry expert knowledge services market in China. Our expert network has grown rapidly, from approximately 230,000 members as of December 31, 2018 to approximately 360,000 members as of March 31, 2021. We believe our experts are highly skilled and qualified in their specialized fields and such industry experts include corporate executives, business leaders and other industry veterans, as well as academic elites and strategic analysts. The members of our expert network cover a wide range of industries, as indicated in the following table:

	As of March 31,		As of December 31,					
	2021		2020		2019		2018	
	<i>Number of</i>		<i>Number of</i>		<i>Number of</i>		<i>Number of</i>	
	<i>Experts</i>	<i>%</i>	<i>Experts</i>	<i>%</i>	<i>Experts</i>	<i>%</i>	<i>Experts</i>	<i>%</i>
Consumer & Retail	57,446	15.8	55,031	15.9	45,844	16.0	37,500	16.0
Healthcare	54,376	15.0	52,070	15.0	43,202	15.1	36,617	15.7
TMT	49,022	13.5	46,845	13.5	38,749	13.5	31,144	13.3
Consulting services	26,588	7.3	24,106	6.9	15,689	5.5	11,065	4.7
Automobiles	21,766	6.0	20,865	6.0	17,257	6.0	12,906	5.5
Finance	19,416	5.3	18,702	5.4	15,512	5.4	12,602	5.4
Mechanics	17,987	5.0	17,445	5.0	14,794	5.2	12,210	5.2
Energy and environment	16,324	4.5	15,849	4.6	14,108	4.9	12,357	5.3
Engineering	15,978	4.4	15,708	4.5	14,814	5.2	13,880	5.9
Transportation	13,766	3.8	13,273	3.8	10,928	3.8	8,524	3.6
Others ^{Note}	70,414	19.4	67,093	19.3	55,212	19.3	44,963	19.2
Total	363,083	100.0	346,987	100.0	286,109	100.0	233,768	100.0

We proactively manage and grow our expert network to anticipate market demand, and to ensure we can consistently satisfy the clients’ needs for timely, varied and quality industry expert knowledge services.

Note: Other industries include, among others, education, agriculture and fishery, chemicals, electronics manufacturing, and metal and materials.

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In addition to our experts based in the Greater China, we also have experts representation located outside the Greater China. The following table shows the geographic distribution of our network:

	As of March 31,		As of December 31,					
	2021		2020		2019		2018	
	<i>Number of</i>		<i>Number of</i>		<i>Number of</i>		<i>Number of</i>	
	<i>Experts</i>	<i>%</i>	<i>Experts</i>	<i>%</i>	<i>Experts</i>	<i>%</i>	<i>Experts</i>	<i>%</i>
Greater China	345,067	95.0	331,210	95.5	275,418	96.3	225,728	96.6
Overseas	18,016	5.0	15,777	4.5	10,691	3.7	8,040	3.4
Total	363,083	100.0	346,987	100.0	286,109	100.0	233,768	100.0

Engagement of Expert Network Members

We take a holistic and proactive approach when engaging experts, and we align our procurement of expert consultations with client requirements and project needs. Depending on different requirements and needs, we select and recommend suitable experts from our industry expert network database system and recommend or seek to engage new experts to provide services to our clients.

In principle, anyone with an industry background can submit an application to join our network directly online. We also proactively contact prospective expert network members who have been recommended or endorsed by existing expert network members, and our knowledge management team may proactively contact prospective expert network members whom they have identified through social networking sites or professional networking sites.

Validation of Expert Network Members

Our validation of expert network members takes place in three stages: first, a preliminary background check on each prospective expert network member that we conduct before creating an expert profile in our industry expert network database system; second, a background check that we conduct before recommending an expert network member to a client for consultation services, as well as a requirement that experts expressly accept our terms and conditions before we recommend such expert to a client; and third, updating of our background checks and experts’ acceptances of our terms and conditions. Only experts in our network who meet all the above criteria will be considered by us for engagement.

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Preliminary Background Check

In principle, anyone with an industry background may submit an application to join our expert network. Upon receipt of such an application, our knowledge management team will contact the applicant to obtain verbal confirmation that the applicant is not restricted from joining our network based on either (a) contractual restrictions imposed by their current employer or (b) restrictions imposed by applicable law due to their current or former employment status or other legal status. For further details, please refer to the sections headed “Risk Factors — Members of our expert network could engage in certain intentional or negligent misconduct or violation of laws or rules, which would harm our brand and reputation” and “Risk Factors — Failure to comply with applicable anti-bribery, anti-money laundering, sanctions and other relevant laws and regulations could subject us to penalties and other adverse consequences” in this document. After we have obtained such verbal confirmation, we will proceed to conduct a preliminary assessment of the applicant’s capabilities and suitability. After we have determined that the applicant meets our initial qualification criteria, we create an expert profile for the applicant in our industry expert network database system.

Background Checks and Acceptance of Our Terms and Conditions

After an individual has become a member of our expert network but before we recommend such individual to a client for consultation services, we conduct a background check on expert profile information such as identity, location, educational background and employment history, among others. We also gather and evaluate publicly available information about the expert, and we verify the expert’s identity by checking information on his or her government-issued document. We will not recommend any expert to a client for consultation services until we have completed this background check. At any time when we are considering recommending an expert to a client, if more than six months have elapsed since we last conducted (or updated) this background check on such expert, we will update the background check, with the goal of ensuring that such expert’s profile is up-to-date, prior to making the recommendation.

We also require each expert to expressly accept our terms and conditions before we recommend such expert to a client. For further details, please refer to the paragraph headed “Risk Management and Internal Control — Expert Compliance” in this section. Our terms and conditions are valid for a period of twelve months. At any time when we are considering recommending an expert to a client, we will check whether such terms and conditions as accepted by such expert remains valid. If such terms and conditions have expired, such expert is required to renew their acceptance of our terms and conditions prior to providing services to our clients. Moreover, we will renew our terms and conditions when an expert amends his or her expected hourly rate or if there is any material change to provisions within our terms and conditions.

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Prior to commencement of the consultation, each expert will receive consultation arrangement details and an email which sets out various important concerns in which each expert should pay attention to, such as consultation etiquette, confidentiality, obligations to comply with applicable laws and regulations, including but not limited to those relating to insider trading, anti-bribery and anti-corruption, and circumstances in which such expert should not proceed with the consultation.

Client Evaluation of Experts

Upon conclusion of a consultation, our knowledge management team will solicit ratings and other feedback from the client on the overall service quality and performance of the expert. These reviews and ratings help us to increase precision in future matching of experts to client requests.

Compensation of Expert Network Members

For the year ended December 31, 2018, 2019, 2020 and for the three months ended March 31, 2021, the average hourly rate that we paid to members of our expert network for services was RMB1,283.24, RMB1,330.57, RMB1,280.01 and RMB1,219.58, respectively. Payment will be made to experts periodically and according to the terms and conditions as stipulated in the service agreement and experts are paid through payment channels they have opted for, including bank transfers, WeChat pay or Alipay.

The number of expert network members whose services we retained for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021 were 30,505, 37,604, 40,764 and 19,348, respectively. Our purchases of services from experts have not been highly concentrated during the Track Record Period. The following table sets forth the amounts of the top 10, 50 and 100 members of our expert network, respectively, during the Track Record Period:

	For the Three Months Ended March 31,		Year Ended December 31,					
	2021		2020		2019		2018	
	Amount	Percentage of total amounts paid to experts	Amount	Percentage of total amounts paid to experts	Amount	Percentage of total amounts paid to experts	Amount	Percentage of total amounts paid to experts
	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%
Top 10 experts	1.37	2.4	4.22	2.2	5.03	3.2	2.70	2.2
Top 50 experts	4.20	7.4	13.38	7.0	13.35	8.4	8.80	7.2
Top 100 experts	6.61	11.6	20.64	10.7	19.76	12.4	14.03	11.4

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The number of experts actually engaged by us varies from period to period. We believe that we have sufficient number of eligible members of expert network to satisfy our clients demands as they arise.

OUR CLIENT BASE

Introduction

With first-mover advantages and strong brand recognition, according to Frost & Sullivan, we are a leading player in the rapidly growing industry expert knowledge services market in China. Due to the high-quality and timeliness of the expert knowledge that we have made available to our clients over the years, we have built a high-quality client base that includes many large and prominent financial institutions, consulting firms and global corporations. Our client base as of March 31, 2021 included 80% of the 20 global consulting firms that had the highest prestige ratings according to Vault; 90% of the 20 private equity and venture capital firms that had made the largest number of investments in China, according to Frost & Sullivan; 100% of the 20 largest securities companies in China based on total assets, according to SAC and Frost & Sullivan; and 90% of the top 10 TMT companies in China based on comprehensive strength as ranked by the Internet Society of China. We have established stable relationships with many of our clients as evidenced by their repeat usage of our services made during the Track Record Period. We believe that these relationships give us an advantage which creates a substantial barrier to entry for other competitors in the market.

Composition of Our Client Base

During the Track Record Period, our client base has consisted mainly of financial institutions, consulting firms and other corporate clients. The following table sets forth a breakdown of client type during the Track Record Period:

	For the Three Months Ended March 31,	Year Ended December 31,		
	2021	2020	2019	2018
	<i>Number of clients</i>	<i>Number of clients</i>	<i>Number of clients</i>	<i>Number of clients</i>
Financial institutions	624	707	546	484
Consulting firms	148	200	172	109
Other corporations	233	329	257	165
Total	<u>1,005</u>	<u>1,236</u>	<u>975</u>	<u>758</u>

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Financial institutions constitute a majority of our client base. Many of our financial institution clients, in turn, use our services as part of their own provision of services to their clients that comprise primarily fund managers. These fund managers often require the type of timely, in-depth industry insights that members of our expert network can provide. By aligning our services to address the needs of our financial institution clients, we help them to fulfill their client commitments. Consulting firms also constitute a significant portion of our client base, and they also make use of our services as part of their own provision of services to their clients, primarily corporate clients.

Geographic Distribution of Our Business

With the globalization of financial markets, overseas investors are increasingly focused on investment opportunities in China, and many Chinese investors are looking towards overseas markets for diversification. We seek to act as a bridge between China and the rest of the world with regard to expert knowledge sharing, helping overseas corporations learn more about China and helping Chinese corporations take the leap to the global stage. In particular, our U.S. subsidiaries primarily handle services which pertain to the U.S. The following table sets forth information concerning the geographic distribution of our revenue during the Track Record Period:

	For the Three Months Ended March 31,		Year Ended December 31,					
	2021		2020		2019		2018	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	<i>(amounts in RMB millions, except percentages)</i>							
Greater China ^{Note 1}	200.9	94.4	608.2	94.5	454.9	98.8	385.4	100.0
Overseas ^{Note 2}	11.9	5.6	35.2	5.5	5.6	1.2	—	0.0
Total	212.8	100.0	643.5	100.0	460.5	100.0	385.4	100.0

Client Billing and Charging Models

We have two pricing models. We typically employ an hourly pricing model in cases where a client has requested services that can be provided primarily or exclusively by experts, and a service-package pricing model in cases where a client has requested services that require significant involvement of our operations team in addition to expert input. Under both pricing models, the price that we charge to a given client for the relevant services generally depends in significant part on factors such as the scope of such services, the related expert cost, and the time commitment required of our operations team for provision of such services.

^{Note 1:} The revenue is based on the service agreements contracted with our Greater China subsidiaries.

^{Note 2:} The revenue was derived predominantly through our U.S. subsidiaries.

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Under the hourly model, the standardized services that we provide to the client are charged in units of one hour, on the basis of a fixed hourly rate that we have negotiated and agreed in advance with the client. Fractions of an hour are rounded in the manner that we have agreed with the relevant client. The unit hourly fee depends not only on the general factors indicated above but also in part on case-specific factors such as: (a) the number of hours of service to be provided, where we may grant volume discounts for larger assignments, and (b) the payment method selected by the client (e.g., prepayment versus payment after delivery of services, either in a lump sum or in installments).

Under the service-package model, pricing can be determined either before or after we provide the relevant package of services to the client. In cases where we can determine pricing of a service package with our client prior to provision of the relevant services, the general factors indicated above are the primary factors influencing our pricing.

In cases where we cannot determine pricing with our client prior to provision of services (as they involve complex consulting services the scope and duration of which cannot be readily estimated), we offer pricing after provision of customized services. In such cases, we negotiate the final price with the client based not only on the general factors indicated above, but also on a variety of factors including the client's level of satisfaction with the specific package of services provided.

All major types of clients make use of services that are priced using the hourly service model, although some of our financial institution clients with good credit records (especially as they seek to address the most complex needs of their clients for timely, in-depth industry insights) may also make use of services priced using the service-package model. The hourly model applies mainly to our expert consultation services and conference services, whereas the service-package model applies to all types of our services, namely, expert consultations services, research services, and conference services.

We generally grant credit terms of 30 days to 45 days to such clients, taking into account the client's creditworthiness and prior transaction history.

Our clients are predominantly financial institutions, from whom we derive most of our revenues by providing expert consultation services. Our top five clients accounted for 27.5%, 24.1%, 24.6% and 31.9% of our total revenue for each of the years ended December 31, 2018, 2019, 2020 and the three months ended March 31, 2021, respectively, and are all based in China. Our largest client, a financial services provider, accounted for approximately 4.2%, 7.5%, 6.8% and 8.1% of our total revenue for each of the years ended December 31, 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. We enter into legally binding service agreements with our clients for a term of 12 months. We typically settle payment with our clients on a quarterly basis. Our service agreements generally require clients to pay us the

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full contractual amount through bank transfers upon receiving receipt of invoices. During the Track Record Period, none of our Directors, their associates or any Shareholders of our Company (who or which to the knowledge of our Directors owned more than 5% of our Company’s issued share capital) had any interest in any of our five largest clients. The following tables set forth information concerning our five largest clients by revenue contribution during the Track Record Period:

For the three months ended March 31, 2021

Rank	Client	Transaction Amount	% of Total Revenue	Commencement of Business Relationship	Client Background
		<i>(RMB in '000)</i>			
1	Client A	21,443	10.1%	2016	Financial services provider
2	Client B	17,309	8.1%	2012	Financial services provider
3	Client C	12,142	5.7%	2016	Financial services provider
4	Client D	10,840	5.1%	2013	Financial services provider
5	Client E	6,148	2.9%	2012	Financial services provider
	Total	67,882	31.9%		

For the year ended December 31, 2020

Rank	Client	Transaction Amount	% of Total Revenue	Commencement of Business Relationship	Client Background
		<i>(RMB in '000)</i>			
1	Client B	43,947	6.8%	2012	Financial services provider
2	Client E	32,754	5.1%	2012	Financial services provider
3	Client F	32,396	5.0%	2011	Financial services provider
4	Client A	26,280	4.1%	2016	Financial services provider
5	Client D	23,454	3.6%	2013	Financial services provider
	Total	158,831	24.6%		

For the year ended December 31, 2019

Rank	Client	Transaction Amount	% of Total Revenue	Commencement of Business Relationship	Client Background
		<i>(RMB in '000)</i>			
1	Client B	34,762	7.5%	2012	Financial services provider
2	Client E	25,549	5.5%	2012	Financial services provider
3	Client F	20,611	4.5%	2011	Financial services provider
4	Client G	17,111	3.7%	2016	Financial services provider
5	Client D	13,375	2.9%	2013	Financial services provider
	Total	111,408	24.1%		

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For the year ended December 31, 2018

Rank	Client	Transaction Amount	% of Total Revenue	Commencement of Business Relationship	Client Background
		<i>(RMB in '000)</i>			
1	Client J	28,768	7.5%	2014	Financial services provider
2	Client F	28,364	7.4%	2011	Financial services provider
3	Client H	16,332	4.2%	2014	Financial services provider
4	Client B	16,285	4.2%	2012	Financial services provider
5	Client D	16,189	4.2%	2013	Financial services provider
	Total	<u>105,938</u>	<u>27.5%</u>		

OUR SUPPLIERS

Our suppliers primarily consist of experts who provide services to our clients. During the Track Record Period, our expert costs generally constituted the largest component of our total operating costs, amounting to 41.6%, 43.7%, 44.5% and 43.4%, respectively, of our total cost of sales, selling and distribution expenses and administrative expenses for the same period. Our suppliers also include (i) property leasing companies (ii) telephone conference services providers (iii) conferencing services providers (iv) travel agents and (v) human resources services providers. We generally enter into legally binding agreements with our suppliers for a term of 12 months and we typically settle payment with our suppliers on a periodic basis. We do not have any supplier concentration risks. Our top five suppliers accounted for 10.8%, 10.0%, 10.4% and 10.1% of our total purchase amount for each of the years ended December 31, 2018, 2019, 2020 and the three months ended March 31, 2021, respectively, and are all based in China. Our largest supplier, who was a property leasing company accounted for approximately 3.5%, 3.1%, 3.2% and 2.8% of our total cost of sales, selling and distribution expenses and administrative expenses for each of the years ended December 31, 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. During the Track Record Period, none of our Directors, their associates or any Shareholders (who or which to the knowledge of our Directors owned more than 5% of our Company’s issued share capital) had any interest in any of our five largest suppliers. The following table sets forth the details of our five largest suppliers during the Track Record Period:

Three months ended March 31, 2021

Rank	Supplier	Transaction Amount	% of Total Purchases	Commencement of Business Relationship	Supplier Background
		<i>(RMB in '000)</i>			
1	Supplier A	3,633	5.3%	2017	Property leasing company
2	Supplier H	1,000	1.5%	2018	Conferencing services provider
3	Supplier I	986	1.4%	2016	Telephone conference services provider
4	Supplier C	891	1.3%	2018	Conferencing services provider
5	Supplier B	437	0.6%	2018	Telephone conference services provider
	Total	<u>6,947</u>	<u>10.1%</u>		

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Year ended December 31, 2020

Rank	Supplier	Transaction Amount	% of Total Purchases	Commencement of Business Relationship	Supplier Background
		<i>(RMB in ten thousands)</i>			
1	Supplier A	13,733	5.8%	2017	Property leasing company
2	Supplier B	3,253	1.4%	2018	Telephone conference services provider
3	Supplier C	2,910	1.2%	2018	Conferencing services provider
4	Supplier D	2,553	1.1%	2016	Telephone conference services provider
5	Supplier G	2,040	0.9%	2018	Human resources services provider
	Total	24,489	10.4%		

Year ended December 31, 2019

Rank	Supplier	Transaction Amount	% of Total Purchases	Commencement of Business Relationship	Supplier Background
		<i>(RMB in '000)</i>			
1	Supplier A	11,161	5.4%	2017	Property leasing company
2	Supplier C	2,427	1.2%	2018	Conferencing services provider
3	Supplier B	2,423	1.2%	2018	Telephone conference services provider
4	Supplier E	2,420	1.2%	2017	Travel agent
5	Supplier D	2,095	1.0%	2016	Telephone conference services provider
	Total	20,526	10.0%		

Year ended December 31, 2018

Rank	Supplier	Transaction Amount	% of Total Purchases	Commencement of Business Relationship	Supplier Background
		<i>(RMB in '000)</i>			
1	Supplier A	10,299	6.0%	2017	Property leasing company
2	Supplier B	2,656	1.5%	2018	Telephone conference services provider
3	Supplier E	2,297	1.3%	2017	Travel agent
4	Supplier F	1,890	1.1%	2016	Human resources services provider
5	Supplier D	1,594	0.9%	2016	Telephone conference services provider
	Total	18,736	10.8%		

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OUR SERVICES

Our ability to quickly arrange in-depth and highly tailored for our clients with well-qualified industry experts is the core of our value proposition to clients. These expert consultations range in duration from brief interactions to longer-term projects. In addition to arranging expert consultations, we also provide research services and conference services to our clients. Our research services assemble teams of internal analysts who collaborate with external experts to conduct industry research, market research or similar services in response to specific client needs, and our conference services arrange in-person and virtual conferences at which clients can meet experts for industry or business insights. The following table sets forth information concerning revenue generated from expert consultation services, research services and conference services during the Track Record Period:

	For the Three Months		Year Ended December 31,					
	Ended March 31,		2020		2019		2018	
	2021							
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
<i>(amounts in RMB millions, except percentages)</i>								
Expert consultation								
services	188.3	88.5	570.2	88.6	403.9	87.7	346.3	89.9
Research services . . .	16.8	7.9	53.6	8.3	44.9	9.8	27.4	7.1
Conference services . .	7.6	3.6	19.8	3.1	11.7	2.5	11.7	3.0
Total	212.8	100.0	643.5	100.0	460.5	100.0	385.4	100.0

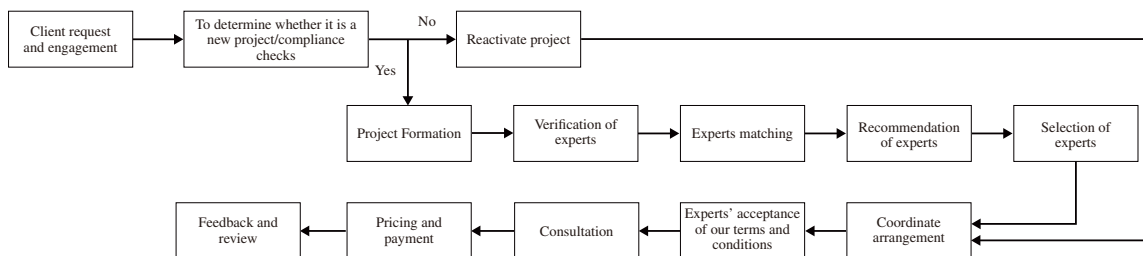
Expert Consultation Services

Based on the requirements and needs of our clients and the characteristics of their target industries, we identify and recommend the most suitable experts from our industry expert network database system to conduct private and customized one-on-one telephone or in-person consultations. Through our self-developed information technology platform, together with our experienced knowledge management teams, expert consultations provide a thorough one-stop service to clients, where experts share their knowledge and analyses concisely in response to distinct client requests, touching on topics such as industry hotspots, industry development and market trends. Expert consultation services enable clients to acquire professional knowledge and business insights in a timely manner to improve efficiency of their decision-making processes. Moreover, expert consultations arm clients with valuable insights and a deeper understanding of their target subjects.

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An expert consultation typically commences when our account managers reach out to our clients to gather background information such as their main businesses and size of operation and to understand their needs. Our account managers are responsible for maintaining close contact with clients in order to ensure that client requests are addressed promptly and continuously. Our knowledge management teams will identify and select the most appropriate experts in accordance with specific client requests and recommend experts to clients. Before we recommend any expert to a client for consultation services, we conduct a background check on expert profile information such as identity, location, educational background and employment history, among others. We also gather and evaluate publicly available information about the expert, and we verify the expert’s identity by checking information on his or her government-issued document. We will not recommend any expert to a client for consultation services until we have completed this background check. Each expert consultation is conducted on an hourly basis and includes a 10-minute trial period, during which clients can terminate the consultation if they are not satisfied with the performance of the expert, in which case the client will not be charged. If the client chooses to commit to the consultation, the first 10 minutes will be calculated towards the final service fee charged.

The following flowchart sets forth the workflow of a standard expert consultation service:



- *Client engagement.* Our well-trained account managers first establish a relationship with potential clients through telephone consultations, email exchange or in-person visits to gain in-depth knowledge and understanding on client dynamics, demands and requirements, consultation contents and type of experts desired.
- *Compliance.* We implement compliance procedures in accordance with international standards. We provide training to our employees by our internal compliance team on topics including insider dealing, confidentiality, anti-bribery and anti-money laundering laws and regulations. We conduct a background check on expert profile information such as identity, location, educational background and employment history, among others. We also gather and evaluate publicly available information about the expert, and we verify the expert’s identity by checking information on his or her government-issued document. We will not recommend any expert to a client for consultation services until we have completed this background check.

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- *Project formation and verification.* Once a client has been engaged, our knowledge management teams are responsible for screening and selecting qualified experts with suitable credentials from our industry expert network database system and to furnish clients with a detailed expert consultation proposal. A project is ratified in our industry expert network database system and expert profiles will be verified. Clients can then select the right candidate to pursue the consultation.
- *Coordination.* Prior to commencement of the consultation, each expert will receive consultation arrangement details, and an email which sets out various important concerns in which each expert should pay attention to, such as consultation etiquette, confidentiality, obligations to comply with applicable laws and regulations, including but not limited to those relating to insider trading, anti-bribery and anti-corruption, and circumstances in which such expert should not proceed with the consultation.
- *Consultation.* Each one-on-one expert consultation is conducted either by telephone or in person. Time is recorded for each consultation.
- *Pricing and Payment.* We calculate expert service fee on an hourly basis. Experts are paid through payment channels they have opted for, including bank transfers, WeChat pay and Alipay. We typically pay experts periodically.
- *Feedback and review.* Upon conclusion of each expert consultation, clients can rate, review and provide feedback on the overall quality of service and the performance of the expert. We log all information and remarks pertaining to each client and expert in our industry expert network database system for future reference. This mechanism helps us to increase precision in future matching of experts to client requests.

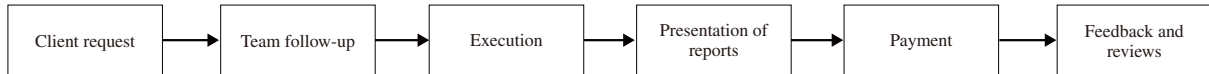
Research Services

Enterprises in all fields are confronted with challenges and time constraints, and they require accurate information and detailed professional advice for making key decisions expeditiously. Leveraging our expert network resources, we commenced our research services in 2015. Our research services assemble teams of internal analysts who collaborate with external experts to conduct industry research, market research, corporate consulting and due diligence to provide our clients with professional research services in assisting them to assess trends and developments in their respective industries. Our ability to compile data from numerous sources allows us to draw meaningful conclusions for each specialized request. Our research teams objectively analyze each project, suggest alternative and new data sources, and track emerging trends based on data we gather from various resources. Our research teams are also equipped with company and

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management due diligence capabilities where we can provide aid and support to our clients when analyzing data such as competitive landscapes, supply trends, financial accounts, management backgrounds and ownership structures.

The following flowchart sets forth the workflow of a standard research services assignment:



- *Client request.* Our account managers receive requests from clients and assess project feasibility and requirements. Once a project has been accepted, it will be assigned to a corresponding research team for further action.
- *Execution.* Our research team digests client requests and organizes research work pertaining to the project, including arranging for expert consultations for clients, searching through internal information databases, purchasing independent third-party information, engaging in field research and compilation of reports.
- *Presentation of reports.* An initial draft research report will be presented to the client for review and comments. Our research team, our compliance team and the client’s compliance team will refine and update the research report on a continual basis until the client is satisfied with it.
- *Payment.* We calculate expert service fee on an hourly basis. Experts are paid through payment channels they have opted for, including bank transfers, WeChat pay and Alipay. We typically pay experts periodically.
- *Feedback and review.* Upon conclusion of a research service, our research team will collect feedbacks, comments and reviews to further enhance our future performance.

Our research team not only fulfills client requests accurately and efficiently, but also assists corporate clients in obtaining key information and resources in a timely and responsive manner that distinguishes us from other expert knowledge services providers.

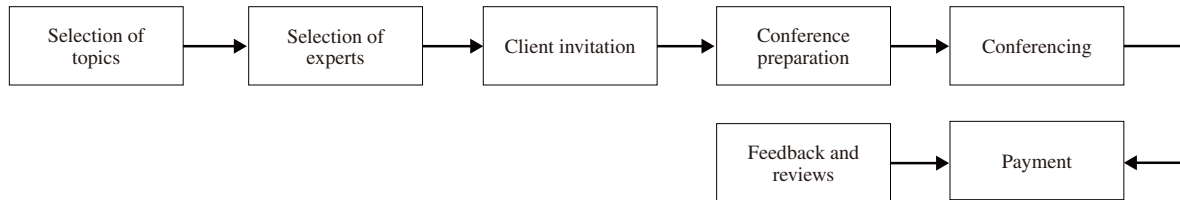
Conference Services

To enable clients to keep abreast of the global economic environment and industry development trends, we host online and offline conferences to share business intelligence with our clients. Our conference services typically outline future economic development trends and set agendas on cutting-edge topics, such as new policy interpretation, new investment opportunities

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and new industry hotspots. We carefully select professionals to share their experience and industry intelligence, and provide various ways for clients to participate in discussions, enabling the dissemination of industry knowledge and other resources.

The following flowchart sets forth the workflow of our conferencing services:



- *Selection of topics.* We choose and decide on a theme which reflects the current market development and industry hotspots which we believe our clients and experts are most interested in and also in accordance with client needs.
- *Selection of experts.* We carefully select and match the most relevant experts with the selected topic.
- *Client invitation.* Our account managers send out invites to appropriate clients.
- *Conference preparation.* Our account managers carry out preparation work, including conference venue selection and layout.
- *Payment.* We calculate expert service fee on an hourly basis. Experts are paid through payment channels they have opted for, including bank transfers, WeChat pay and Alipay. We typically pay experts periodically.
- *Feedback and review.* Upon conclusion of each conference, we will provide conference minutes to clients and experts for record keeping, and we collect feedback and reviews in order to improve and optimize the overall quality and experience of our conferencing services.

Online Conferences

In response to the latest market trends and industry hotspots, we organize teleconferences and video conferences on a regular basis. We invite our senior analysts to give presentations based on their intricate analyses on specific subject matter and themes our clients and experts are most interested in. Our online conferences have become one of our most popular online services, given the fact that participants can engage in active discussions with our presenters and obtain first-hand information on the respective markets they operate in regardless of their geographic locations. We

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provide presentation materials and transcripts upon conclusion of each conference upon request. For the year ended December 31, 2018, 2019, 2020 and for the three months ended March 31, 2021, we had held 257, 168, 154 and 40 online conferences, respectively.

Offline Conferences

We aim to build a knowledge-sharing community offline through organizing on-site conferences for our clients and experts. We invite our experts to share their insights on global economic trends, recent topics and events relating to various industries. For the year ended December 31, 2018, 2019 and 2020 and for the three months ended March 31, 2021, we had held 72, 84, 116 and 30 offline conferences, respectively.

RESEARCH & DEVELOPMENT AND OUR INFORMATION TECHNOLOGY INFRASTRUCTURE

Introduction

We have established a proprietary IT infrastructure with our industry expert network database system at its core. Our industry expert network database system collects, stores and categorizes our industry expert network database. Our data is organized into multiple layers and specific sub-categories to pinpoint highly specific service offerings, which enables us to organize information that may correlate to future client enquiries and to envisage what types of information may address further demands from clients. Simultaneously, our IT infrastructure will carry out initial clients and experts matching process based on clients' requirements, and our experienced employees will further select experts based on clients' needs in order to provide clients with the most precise matching options. Powered by proprietary data analytics, our well-trained knowledge management teams leverage our industry expert network database system, which incorporates our accumulated experience from over 10 years in the industry expert knowledge services industry, to quickly arrange in-depth and highly-tailored consultations for our clients with well-qualified industry experts.

Our IT infrastructure also incorporates client management, knowledge management, business management and financial management functionalities. At the same time, we integrate internal compliance management requirements into all important execution nodes of the system, combining business execution with compliance management, comprehensively monitoring and managing risks, and helping customers to meet their own compliance requirements in connection with the use of our services.

For the year ended December 31, 2018, 2019 and 2020 and for the three months ended March 31, 2021, our total research and development expenses amounted to RMB22.7 million, RMB17.1 million, RMB20.5 million and RMB6.5 million, representing approximately 5.9%, 3.7%, 3.2% and 3.1% of our total revenue during the same periods, respectively. We plan to continue our investment in research and development activities to enhance our technology innovation and data

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analytics capabilities. We have initiated several information technology development projects which includes a customer management system which targets to transform and formulate customer contact information into sales strategies and an automated and secured system for maintaining confidential information on experts to prevent potential instances of leakage. As of the Latest Practicable Date, we maintained a dedicated team of 56 employees. Such employees on average had approximately 5 years of research and development experience and a majority of them has obtained bachelor's or master's degrees.

Core IT Relating to Principal Services

Current Core Technologies

Our core technologies all originate from independent innovations. The following chart sets forth information concerning our core technologies as of the Latest Practicable Date:

	<u>Technical name</u>	<u>Technical characteristics and contributions</u>	<u>Source of technology</u>	<u>Application phase</u>	<u>Legal protection</u>
1	Industry Expert Network Database System	Using this system, we can manage a massive quantity of expert and industry data in a centralized manner, including personal background, and upload, display, search, classify, tag and perform statistical analysis on such data. At present, the system is fully applied in our daily business. For details of the industry expert network database, please refer to the section "Glossary of Technical Terms" in this document.	Self-developed	In use and under continuous optimization	Copyright
2	Client Management System	Using this system, we can manage client data in a centralized manner, including the addition, modification and query of client information, client needs, client contacts, client contact records, client interview information, and contract submission and approval procedures. At present, the system has been fully applied in our daily business	Self-developed	In use and under continuous optimization	Copyright

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	<u>Technical name</u>	<u>Technical characteristics and contributions</u>	<u>Source of technology</u>	<u>Application phase</u>	<u>Legal protection</u>
3	Business management system	We use this system for process management, compliance control, customer evaluation and management of other information in the process of expert consultations. At present, the system has been fully applied in our daily business	Self-developed	In use and under continuous optimization	Copyright
4	Financial Automation System	This system enables online contract creation and approval, contract lifecycle management, automatic calculation of income, online billing, automatic generation of financial statements and automatic generation of management reports. At present, we apply the system to financial and business analysis to help us conduct daily operation management and make business decisions	Self-developed	In use and under continuous optimization	Copyright
5	Knowledge management system	The primary functions of this system include the accumulation and display of industry knowledge; the sharing of project experience; and the sharing of internal training materials, among others. At present, we apply this system to internal training and other scenarios to continuously improve the skill level and knowledge base of our employees	Self-developed	In use and under continuous optimization	Copyright

SALES AND MARKETING

Brand awareness and recognition are important to the success of our business. Our sales and marketing team has a workforce of 70 employees and focuses on acquiring and growing our client base. In addition to relying upon our strong brand name and word-of-mouth referrals, our sales and marketing team conducts comprehensive analyses on potential targeted client groups through frequent on-site visits to increase client stickiness and to develop new client pipelines. In accordance with characteristics of clients' needs and requirements, our sales and marketing team

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will tailor-make business development plans. Our sales and marketing team also serves a critical role in maintaining client relationships. We have engaged in marketing initiatives both online and offline to promote and enhance overall brand recognition and brand awareness among prospective clients. For example, we have hosted webinars, advertised on professional recruitment websites to attract potential expert candidates and organized industry conferences for experts and clients in exchanging business insights. We incurred advertising and promotion expenses of approximately RMB0.9 million, RMB0.9 million, RMB0.8 million and RMB0.2 million for the years ended December 31, 2018, 2019 and 2020 and for the three months ended March 31, 2021, respectively, representing 0.3%, 0.2%, 0.2% and 0.1%, respectively, of our total revenue for the same periods.

Our expert network and market reputation grow and expand constantly through word-of-mouth referrals. We believe that we have established a strong brand image attributable to our industry expert network database system and our highly-tailored, result-oriented, in-depth and expeditious services. We will continue to strengthen our brand by focusing on enhancing user experience and high-quality services.

EMPLOYEES

As of the Latest Practicable Date, we had 603 full-time employees, of whom 353 had bachelors' degrees and 240 had masters' degrees or doctoral or equivalent advanced degrees.

The following table sets forth the number of employees for each of our areas of operations as of the Latest Practicable Date:

Function	Number	% of Total
Management and administration	37	6.1%
Finance	16	2.7%
Sales and marketing	70	11.6%
Operations	424	70.3%
Research and development	56	9.3%
Total	603	100.00%

As of the Latest Practicable Date, we had 529 employees in Shanghai, 18 employees in Beijing, 13 employees in Suzhou, 6 employees in Shenzhen, 2 employees in Hong Kong and 35 employees in New York City.

Our success depends on our ability to attract, retain and motivate qualified personnel. We use various methods for recruitment of employees, including campus recruitment, internal reference and referrals through headhunter firms or agents, to satisfy our demands for different types of talents. We provide various systematic trainings to our employees, relating to professional knowledge, compliance, technical skills, operations, management, core values, and other areas of knowledge and skill.

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We handle the employment and dismissal of employees in accordance with applicable laws and regulations such as the Labor Contract Law. During the Track Record Period, we entered into employment agreements with all of our full-time employees. In accordance with relevant local government requirements in the regions where we operate, we make contributions to employee pension funds and purchase childbirth insurance, medical insurance, unemployment insurance and injury insurance for them. We also make contributions to the employee housing fund in accordance with applicable PRC regulations.

During the Track Record Period and up to the Latest Practicable Date, no administrative action, fine or penalty was imposed by the relevant regulatory authorities with respect to our social insurance or housing funds.

We believe that we maintain a good working relationship with our employees and we had not experienced any strikes or other material labor disturbances that had interfered with our operations during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, we did not have any labor union, nor did our employees negotiate their terms of employment through any labor unions or labor disputes.

PROPERTIES

Our principal offices are located on leased premises comprising approximately 3,981.5 square meters located in Shanghai. We also lease three offices located in three cities across China. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are principally used as office premises for our business operations. Furthermore, even if we experience temporary interruption to our usage of any of our leased office space, we believe that our employees can continue to perform the material aspects of their duties remotely given that our offices do not carry out any production, manufacturing or physical retail activities; and our offices in other locations can adequately support the functioning of our business operations in areas where we experience temporary office space interruptions through our IT infrastructure. Therefore, we do not rely on the existing leases for our business operations, and we do not believe a contingency relocation plan is required. Our servers and network facilities are kept at our data centers located in Shanghai.

As of March 31, 2021, our leased properties in China have a total gross floor area of approximately 4,955.6 square meters, and each leased property ranges from a gross floor area of approximately 208 square meters to 113.3 square meters. The relevant lease agreements have lease expiration dates ranging from November 20, 2018 to April 21, 2024.

As of the Latest Practicable Date, the lessor of our leased properties in Shanghai had not obtained the relevant building title certificates. As advised by our PRC Legal Advisors, the failure of the lessor to obtain the relevant building title certificates was primarily due to the pre-construction procedures not being completed, and it does not affect the lessor's right to lease such properties to us. Our Directors are of the view that, as the leased properties without building

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title certificates are mainly used for our offices, and replacement premises are readily available in the market, such defects will not have a material adverse effect on our business or financial condition taken as a whole.

As of the Latest Practicable Date, we had not registered the lease agreements of our leased properties with the local housing administration authorities as required under the PRC laws. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to register the lease agreements. As advised by our PRC Legal Advisors, the failure to register the lease agreements would not affect the validity of the lease agreements nor would there be any legal obstacle to the use of our leased properties. For further details, please refer to the section headed “Risk Factors — Risks relating to our Business and Industry — One of our lessors failed to provide relevant title certificates with respect to our leased properties in the PRC and our lease agreements were not registered with the relevant government authorities” in this document.

COMPETITION

The global industry expert knowledge services market is competitive, subject to changing technology and rapidly evolving. We face constant pressure to attract and retain clients and high-quality experts, expand the market for our services, maintain a technological edge and provide our value propositions to our clients and experts. We face competition in our various lines of service from a number of online and offline service providers and from competitors domestically and internationally. Our competitors may include:

- Global expert knowledge and consultation service providers that cover a spectrum of sectors with a market presence where we operate or intend to operate;
- Local or regional expert platforms that target business and individual demands for business insights and local knowledge, whose fees tend to be highly competitive;
- Fully automated on-line expert knowledge platforms that compete with us on both responsiveness and fee; and
- Renowned qualified experts who provide freelance services.

Local competitors might have greater brand recognition than we have in their local territories and a better understanding of the local culture and commercial environment. They may also offer their products and services in local languages that we do not currently offer. As our business grows internationally, we may increasingly compete with these local and regional companies.

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In addition, well-established internet companies, social networking websites and career-related internet portals have entered or may enter the market for freelance services. These or other powerful companies that have extensive and loyal users bases in the geographic markets where we operate or intend to operate may decide to directly target our users, thereby intensifying competition in our market. Moreover, in the future, we may also compete with companies that utilize emerging technologies, such as AI, big data analysis and machine learning.

We believe the principal competitive factors in our market include the following:

- Size and engagement of client base;
- Breadth of skill categories offered by experts;
- Experts' depth of insight into markets that are relevant to clients;
- Brand awareness and reputation;
- Level of client and expert satisfaction;
- Relationships with third-party partners;
- Strength of sales and marketing efforts; and
- Pricing and compliance.

LEGAL PROCEEDINGS

We may become a party to legal, arbitral or administrative proceedings arising in the ordinary course of our business. Our Directors confirmed that, as of the Latest Practicable Date, none of the legal, arbitral or administrative proceedings to which we were a party, individually or in aggregate, would have a material adverse effect on our business, financial condition or results of operations, and they are not aware of any potential or threatened legal, arbitral or administrative proceedings to which we will be named as a party. Our Directors further confirm that none of our Directors or senior management was personally involved in any of these legal, arbitral or administrative proceedings.

During the Track Record Period and up to the Latest Practicable Date, our business operations had been carried out in compliance with applicable laws and regulations in all material aspects.

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RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining a robust compliance framework that not only accounts for well-defined regulatory risk but also captures a wider set of issues including political and commercial risks, which we consider to be appropriate for our business operations. We are dedicated to employing a proactive approach to compliance and risk management, combining ongoing, dynamic project monitoring with traditional compliance controls. We actively engage all stakeholders in all aspects of compliance such as client compliance, expert compliance, internal compliance and project risk review and we implement a proprietary database to manage all parties and data.

Client Compliance

Clients are the origin and basis for our compliance program and cooperation with our clients is the key to achieving a complete ecosystem for all. Therefore, we work closely, and communicate effectively and on an ongoing basis with our clients in order to guarantee that we will meet the compliance demands of each and every client. We monitor and analyze client interactions at the same level as our experts and employees. A project commences with a client request, which will then go through our standardized on-boarding process which may include discussion with the client compliance team to agree on any additional custom requirements such as compliance audits and the client’s own compliance department approval on a per-interaction basis. Once all compliance terms are agreed, all information will be logged in our database for further compliance adherence and crosschecking. Throughout the projects, our compliance team will monitor client communication and obtain feedback from employees and experts on clients. In light of the constantly changing regulatory environment and in terms of relationship management, our compliance team is committed to maintaining an on-going dialogue with the respective client compliance teams to ensure all interactions are compliant.

Expert Compliance

In principle, anyone with an industry background may submit an application to join our expert network. Upon receipt of such an application, our knowledge management team will contact the applicant to obtain verbal confirmation that the applicant is not restricted from joining our network based on either 1) contractual restrictions imposed by their current employer or 2) restrictions imposed by applicable law due to their current or former employment status or other legal status (such as government officials, persons who have recently been government officials and persons who reside in countries subject to, or who individually are subject to, government sanctions). We take these precautions solely for the purpose of mitigating risks to us that may arise from failure on the part of an expert to comply with contractual or legal restrictions that apply to such expert. For further details, please refer to the sections headed “Risk Factors — Members of our expert network could engage in certain intentional or negligent misconduct or violation of laws or rules, which would harm our brand and reputation” and “Risk Factors — Failure to comply with applicable anti-bribery, anti-money laundering, sanctions and other relevant laws and regulations

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could subject us to penalties and other adverse consequences” in this document. However, under the experts’ contractual relationship with us, experts assume full responsibility for compliance with all contractual and legal restrictions that apply to them, and we assume no responsibility for their compliance with any such restrictions. After we have obtained verbal confirmation that the applicant is not restricted from joining our network, we will proceed to conduct a preliminary assessment of the applicant’s capabilities and suitability. After we have determined that the applicant meets our initial qualification criteria, we create an expert profile for the applicant in our industry expert network database system.

After an individual has become a member of our expert network but before we recommend such individual to a client for consultation services, we conduct a background check on expert profile information such as identity, location, educational background and employment history, among others. We also gather and evaluate publicly available information about the expert, and we verify the expert’s identity by checking information on his or her government-issued document. We will not recommend any expert to a client for consultation services until we have completed this background check. At any time when we are considering recommending an expert to a client, if more than six months have elapsed since we last conducted (or updated) this background check on such expert, we will update the background check, with the goal of ensuring that such expert’s profile is up-to-date, prior to making the recommendation.

We also require each expert to expressly accept our terms and conditions before we recommend such expert to a client. Our terms and conditions are valid for a period of twelve months. At any time when we are considering recommending an expert to a client, we will check whether such terms and conditions as accepted by such expert remains valid. If such terms and conditions have expired, such expert is required to renew their acceptance to our terms and conditions prior to providing services to our clients. Moreover, we will renew our terms and conditions when an expert amends his or her expected hourly rate or if there is any material change to provisions within our terms and conditions.

The key terms and conditions of our expert network are summarized below. Each expert is required to:

- agree, confirm and warrant that all biographical information, including but not limited to current job status, employment history and education background, is true and accurate. Such information shall be updated on a regular basis and experts shall inform us of any changes in a timely manner;
- represent and warrant that he/she has not been the subject of or in any way involved in any lawsuit or investigation by a government organization or regulatory body in any jurisdiction;

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- affirm that he/she is permitted to join our expert network and that by participating in our projects, he/she is not in breach of or otherwise failing to comply with any contractual or other obligations that he/she may have to any third parties, including current or former employers;
- understand and acknowledge that by joining our expert network, he/she has an obligation to abide by the laws of the jurisdictions in which we do business, including but not limited to laws regarding insider trading, anti-bribery, anti-corruption and other regulatory and legal frameworks;
- not give investment advice, including but not limited to providing any advice regarding the advisability of investing in, purchasing, selling any interest in any company;
- not pay, offer, promise to pay, or authorize any direct or indirect payment or anything of value to any government official in an effort to influence that person to assist he/she and/or us and/or our clients in obtaining or retaining any business, or securing any business advantage; and
- agree that at no point during any activity involving or related to us or our clients will he/she disclose non-public information about a public company, confidential information about current or past employers, trade secrets or other proprietary information.

By accepting our terms and conditions, each expert assumes full contractual responsibility for the accuracy and completeness of all information that they have provided to us. Notwithstanding this assumption of full contractual responsibility, however, there is a risk that experts will misrepresent material aspects of their current or former employment status, current contractual obligations, or other significant matters in ways that we may not detect. For further details, please refer to the sections headed "Risk Factors — Risks Relating to our Business and Industry — If our experts violate our terms and conditions and act in breach of contractual obligations that they owe to current or former employers or other third parties, our business, financial condition and results of operations may be adversely affected" and "Risk Factors — Risks Relating to our Business and Industry — Personal and other information provided by experts may be inaccurate, misleading, erroneous or fraudulent, which could harm our reputation and prospects" in this document.

Internal Compliance

In order to enforce our stringent internal policies, we conduct specialized trainings on issues such as insider trading, the U.S. Foreign Corrupt Practices Act, anti-bribery, confidential information and other political or commercial risks with all our employees. We carry out multiple daily compliance audits on employee activities and projects across all stages and we also monitor

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all communications with clients, experts and employees. Through our periodic review of internal processes, market and regulatory environment, and internal and external feedback, we manage to further develop new policies and systems to improve our compliance and risk management approach.

Risk Management and Internal Control Policies

We have implemented various risk management and internal control policies and measures to identify, assess and manage risks arising from our business operations. To monitor the ongoing implementation of our risk management policies and internal control measures after the [REDACTED], we have adopted or will adopt, among other things, the following measures:

- comprehensive accounting policies in connection with our financial reporting risk management. We have established various stringent procedures in terms of financial activities reporting, including inspection and verification on all invoices and billing to ensure legitimacy of payments received and processed, preparation of financial statements, review of management accounts on a periodic basis conducted by our financial department which is headed by our Chief Financial Officer, Ms. Xu Wei, who has extensive experience in finance and reporting;
- risk management policies in relation to the collection, storage and categorization of our industry expert network database to ensure that leakage of confidential information including proprietary contents generated by members of our expert network is avoided. Our information technology department supervises the protection of data privacy and implement background checks and verification of the identity and profile of members of our expert network. We provide ongoing training on subjects such as security protection and internet management to our information technology employees to enhance and strengthen their technical skills and capabilities;
- internal control policies covering various aspects of human resource management. All new employees are required to attend mandatory induction training which encompasses aspects such as business and work ethics and legal compliance. We have an internal code of conduct setting out basic standard of ethics and conducts expected of our employees. We organize trainings to all our employees regularly to ensure their skill set and work ethics meet our standards and requirements at all times;
- the establishment of an audit committee responsible for overseeing our financial records, internal control procedures and risk management systems. For further details, please refer to the section headed “Directors, Supervisors and Senior Management — Board Committees — Audit Committee” in this document;

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- the appointment of Ms. Xu Wei (徐薇) as our Chief Financial Officer and Mr. Dai Weigang (戴為鋼) as our joint company secretaries to ensure compliance of our operation with relevant laws and regulations. For further details, please refer to the section headed “Directors, Supervisors and Senior Management” in this document;
- the appointment of Altus Capital Limited as our compliance advisor upon the [REDACTED] to advise us on compliance with the Listing Rules; and
- the engagement of external legal advisors to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary.

We have designated responsible personnel to monitor our ongoing compliance with relevant laws and regulations that govern our business operations, and to oversee the implementation of any necessary measures. Meanwhile, we plan to provide our Directors, senior management and employees with continuing training programs and updates regarding the relevant laws and regulations on a regular basis, with a view to proactively identify any concerns or issues relating to any potential non-compliance.

HEALTH, OCCUPATIONAL SAFETY AND ENVIRONMENTAL MATTERS

We place emphasis on occupational health and work safety during the delivery of our services and promote an eco-friendly mindset among our business partners. We have adopted a preventive approach to provide our employees with a safe and healthy working environment by specifying various safety measures and have adopted a code of practice in relation to enforcing fire safety and operation safety for employees to comply with in handling accidents.

We do not operate any production facilities. Therefore, we are not subject to significant health, safety or environmental risks. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, there were no material accidents involving any serious personal injury or significant property damage. Our Directors confirm that we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations during the Track Record Period and up to the Latest Practicable Date.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our Group acknowledges its responsibility on environmental protection and social responsibilities and is committed to comply with the environmental, social and governance (“ESG”) reporting requirements upon [REDACTED]. We will establish an ESG policy (the “ESG Policy”) which will outline, among others, (i) the appropriate risk governance on ESG matters, (ii) ESG strategy formation procedures, (iii) ESG risk management and monitoring, and (iv) the identification of key performance indicators and the relevant measurements. Our Group’s ESG Policy was established in accordance with the standards of Appendix 27 to the Listing Rules.

Our Board has the overall responsibility for evaluating and determining our Group’s ESG-related risks, and establishing, adopting and reviewing the ESG vision, policy and target of our Group. Our senior management will support our Board in implementing the ESG policy and collecting ESG data from different parties while preparing for the ESG report.

Upon [REDACTED], our Directors confirm that we will closely monitor and ensure strict compliance with Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules, the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules and all relevant rules and regulations in relation to environmental, social and governance aspects.

INTELLECTUAL PROPERTY

We regard our copyrights, trademarks, trade secrets and other intellectual property rights as critical to our business. In this regard, we rely upon on a combination of copyrights, software registrations, trademarks, trade secrets and contractual rights, such as license agreements with our employees, partners and others to establish and protect our intellectual property. We generally enter into confidentiality agreements or work product assignment agreements with our employees and experts to control access to, and clarify ownership of, our software, documentation, and other proprietary information.

As of the Latest Practicable Date, we have registered 36 computer software copyrights in China. In addition, we have registered our main website domain name and 28 trademarks in China. We continually review our development efforts to assess the existence and patentability of new intellectual property. We believe that we have used our best efforts to ensure compliance with applicable intellectual property laws. During the Track Record Period, no material claims or disputes were brought against us in relation to any infringement or trademarks, copyrights or other intellectual property.

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LICENSES AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations in China. We have not experienced any material difficulty in renewing such approvals, licenses and permits during the Track Record Period. During the Track Record Period and as of the Latest Practicable Date, we have not been subject to any material administrative penalties relating to maintenance and renewal of our material approvals, licenses and permits. The following table sets out a list of material licenses and permits currently held by us.

License/Permit	Initial Grant Date	Holder	Most Recent		Issuance Authority	Description of the License and Permit
			Grant Renewal Date	Expiration Dates		
Human Resources Service License	April 10, 2019	Capvision Partners (Shanghai) Corporation Limited	April 11, 2021	April 10, 2024	Shanghai Municipal Human Resources and Social Security Bureau, Jing'an Branch (上海市靜安區人力資源和社會保障局)	License for providing human resource services
Foreign-related Investigation License	September 11, 2015	Capvision Partners (Shanghai) Corporation Limited	September 11, 2018	September 11, 2021 ^{Note}	Shanghai Bureau of Statistics (上海市統計局)	License for foreign-related investigation activities in Shanghai
Foreign-related Investigation License	November 29, 2019	Capvision Partners (Shanghai) Corporation Limited	Not applicable	November 28, 2022	National Bureau of Statistics (國家統計局)	License for foreign-related investigation activities in the PRC

Note: The scope of activities under license for foreign-related investigation activities in Shanghai are covered by the license for foreign-related investigation activities in the PRC below. Therefore, the license for foreign-related investigation activities in Shanghai will not be renewed upon expiration.

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INSURANCE

As of the Latest Practicable Date, we maintained various insurance policies to safeguard against risks and unexpected events. We contribute social security insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance on behalf of our employees in accordance with applicable PRC laws and regulations. We plan to purchase directors' and officers' liability insurance prior to the [REDACTED]. We do not maintain business interruption insurance, nor do we maintain insurance policies covering damages to our technological infrastructure or litigation insurance. We do not have insurance related to the COVID-19 pandemic either. Based on our business operational requirements, our Directors believe that we maintain insurance policies that are in line with market practice and adequate for our business. During the Track Record Period, we did not make any material insurance claims in relation to our business. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board consists of nine Directors, including three executive Directors, three non-executive Directors, and three are independent non-executive Directors. The table below sets out certain information relating to the members of our Board.

Name	Age	Current position in our Company	Date of joining our Group	Date of appointment as Director	Roles and Responsibilities
Mr. Xu Rujie (徐如傑)	50	Chairman, chief executive officer and executive Director	November 24, 2008	November 24, 2008	Overall strategic planning and business direction of our Group, management of our Company and overseeing corporate development of our Group
Mr. Cheng Yijiang (程頤江)	49	Executive Director and deputy general manager	August 14, 2015	August 25, 2015	Formulate business strategy and management of business operations of our Group
Ms. Tu Qiang (圖強)	35	Executive Director and deputy general manager	September 20, 2012	June 11, 2020	Oversee sales and marketing strategies of our Group
Mr. Teng Xuejun (滕學軍)	50	Non-executive Director	April 28, 2015	April 28, 2015	Oversee Board affairs and give strategic advice and guidance on the business operations of our Group
Mr. Wang Yichao (王軼超)	36	Non-executive Director	September 21, 2018	September 21, 2018	Oversee Board affairs and give strategic advice and guidance on the business operations of our Group
Dr. Chen Geng (陳耿)	53	Non-executive Director	June 11, 2020	June 11, 2020	Oversee Board affairs and give strategic advice and guidance on the business operations of our Group

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Current position in our Company	Date of joining our Group	Date of appointment as Director	Roles and Responsibilities
Ms. Sin Pui Ying (洗佩瑩)	41	Independent non-executive Director	June 24, 2021	June 24, 2021	Participate in the decision making for our Company’s significant events and advise on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management
Ms. Zhang Yaping (張亞平)	63	Independent non-executive Director	April 28, 2020	April 28, 2020	Participate in the decision making for our Company’s significant events and advise on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management
Mr. Wang Xuemeng (王學猛)	41	Independent non-executive Director	April 28, 2020	April 28, 2020	Participate in the decision making for our Company’s significant events and advise on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management

Executive Directors

Mr. Xu Rujie (徐如傑), aged 50, is the founder of our Group, executive Director, Chairman and chief executive officer of our Company. He has been a Director since our establishment on November 24, 2008 and appointed as our general manager on April 28, 2015. He was later appointed as Chairman on November 2, 2010, and was re-designated as an executive Director on June 24, 2021. Mr. Xu is primarily responsible for the overall strategic planning and business direction of our Group, management of our Company and overseeing corporate development of our Group.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Xu has over 10 years of experience in the industry expert knowledge services industry and 20 years of experience in corporate management. Before founding and joining our Company, Mr. Xu held various management positions in a number of multinational corporations in various industries. From August 1996 to December 2000, Mr. Xu was employed by China Resources (Holdings) Company Limited (中國華潤(集團)有限公司). Mr. Xu then served as a manager of the information and mobile communications department of Siemens (China) Limited (西門子(中國)有限公司) from December 2000 to April 2006. Mr. Xu was employed by General Motors (China) Investment Co., Ltd.* (通用汽車投資(中國)有限公司) from April 2006 to March 2012 with his last position as a vice president of government relations, where he was responsible for public relations and managing government relations.

Mr. Xu obtained a bachelor’s degree in microwave technology (微波技術) from Beijing Institute of Technology (中國北京理工大學) in the PRC in July 1993 and a master of microwave technology degree from Shanghai Jiao Tong University (中國上海交通大學) in the PRC in March 1996. He further completed the study in an executive master of business administration (EMBA) program at PBC School of Finance (五道口金融學院) of Tsinghua University (清華大學) in the PRC in July 2021.

Mr. Cheng Yijiang (程頤江) (“Mr. Cheng”), aged 49, is an executive Director and the deputy general manager of our Company. He joined our Group on August 14, 2015 as chief operation officer and was appointed as a Director on August 25, 2015 and a deputy general manager on May 24, 2018. He was re-designated as an executive Director on June 24, 2021. Mr. Cheng is primarily responsible for formulating business strategy and management of business operations of our Group.

Mr. Cheng has over 19 years of experience in the telecommunications industry. Prior to joining our Group, Mr. Cheng was employed as a sales manager in Shanghai Siemens Mobile Communications Co., Ltd.* (上海西門子移動通信有限公司) (now known as Nokia Solutions and Networks (Shanghai) Ltd.* (諾基亞通信(上海)有限公司)) and Siemens (China) Limited (西門子(中國)有限公司). From January 2008 to April 2010, he was the regional sales director of Tektronix (China) Company Limited* (泰克科技(中國)有限公司), where he was responsible for managing sales distribution channels and after-sales services. From May 2010 to August 2013, he served as a deputy general manager of Shanghai Huisheng Communication Technology Co., Ltd.* (上海惠生通訊技術有限公司) (also known as Shanghai Wison Telecommunication Technology Co., Ltd.* (上海新化通訊技術有限公司) and deregistered in November 2019). Mr. Cheng then served as a sales director of Kaelus Communications Equipment (Shanghai) Co. Ltd.* (凱鏞思通訊設備(上海)有限公司) from August 2013 to August 2015.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Cheng obtained a bachelor’s degree in telecommunications from Hefei University of Technology (合肥工業大學) in the PRC in July 1993. He further obtained a master’s degree in integrated circuits and systems from Shanghai Jiao Tong University (上海交通大學) in the PRC in March 1996 and a master’s degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in April 2003.

Ms. Tu Qiang (圖強) (“Ms. Tu”), aged 35, is an executive Director and the deputy general manager of our Company. She joined our Group on September 20, 2012 as a director of the accounts management department and was later appointed as a deputy general manager in May 2018. She was appointed as a Director on June 11, 2020 and re-designated as an executive Director on June 24, 2021. Ms. Tu is primarily responsible for overseeing sales and marketing strategies of our Group.

Ms. Tu has over 8 years of experience in the industry expert knowledge services industry. Prior to joining our Group, Ms. Tu worked in Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) (HKSE: 2611; SSE: 601211) from July 2008 to April 2010. She worked in the business department of GF Securities Co., Ltd. (廣發證券股份有限公司) (HKSE: 1776; SZSE: 000776) from January 2010 to September 2012.

Ms. Tu obtained a bachelor’s degree in management from East China University of Political Science and Law (華東政法大學) in the PRC in July 2008 and a master’s degree in business administration from Shanghai International Studies University (上海外國語大學) in the PRC in March 2015.

Non-executive Directors

Mr. Teng Xuejun (滕學軍) (“Mr. Teng”), aged 50, is a non-executive Director. He joined our Group on April 28, 2015 and was appointed as a Director on the same day. He was re-designated as a non-executive Director on June 24, 2021. Mr. Teng is primarily responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Outside of our Group, Mr. Teng has been serving as a director of Hangzhou New Century Electronic Technology Co., Ltd. (杭州新世紀電子科技有限公司) since February 2015. Prior to that, Mr. Teng successively served as a deputy general manager, a general manager and a director of Hangzhou New Century Information Technology Co., Ltd.* (杭州新世紀信息技術股份有限公司) (currently known as Hangzhou Lianluo Interactive Information Technology Co., Ltd* (杭州聯絡互動信息科技股份有限公司)) (SZSE: 002280) from 1996 to January 2015, where he was responsible for overseeing its sales and marketing and management.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Teng obtained a bachelor’s degree in applied electronics from the department of electronic engineering of Zhejiang University (浙江大學) in the PRC in July 1992.

Mr. Wang Yichao (王軼超) (“Mr. Wang YC”), aged 36, is a non-executive Director. He joined our Group on September 21, 2018 and was appointed as a Director on the same day. He was re-designated as a non-executive Director on June 24, 2021. Mr. Wang YC is primarily responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Mr. Wang YC worked in Guangzhou Guangzheng Hangseng Securities Research Institute Co., Ltd.* (廣州廣證恒生證券研究所有限公司) from June 2013 to March 2014. Since March 2017, Mr. Wang YC has been working as an executive general manager of equity investment of the capital markets segment in Gortune Investment.

Mr. Wang YC obtained a bachelor’s degree in engineering physics from Tsinghua University (清華大學) in the PRC in July 2007 and a master’s degree in financial mathematics from the University of Warwick in the United Kingdom in November 2012.

Dr. Chen Geng (陳耿) (“Dr. Chen”), aged 53, is a non-executive Director. He joined our Group on June 11, 2020 and was appointed as a Director on the same day. He was re-designated as a non-executive Director on June 24, 2021. Dr. Chen is primarily responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Dr. Chen served successively as vice president, president and vice chairman of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) from August 1999 to June 2015, where he was responsible for overseeing business operations and investments and management.

Since June 2015, Dr. Chen has been serving as the director and president of Zhejiang United Investment Group (浙江民營企業聯合投資股份有限公司). Dr. Chen has also been serving as a director of Keboda Technology Co., Ltd. (科博達技術股份有限公司) (SSE: 603786) since May 2017 and as an independent director of Caitong Securities Co., Ltd. (財通證券股份有限公司) (SSE: 601108) since November 2019.

Dr. Chen obtained a bachelor’s degree in law from Shenzhen University (深圳大學) in the PRC in August 1990, a master’s degree in executive business administration from Peking University (北京大學) in July 2009 and a doctoral degree in political economy from Zhongnan University of Economics and Law (中國中南財經大學) in the PRC in June 1999.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Chen was a director of Shenzhen Taidong Industrial Development Co., Ltd.* (深圳市泰東實業發展有限公司), which was established in the PRC on June 30, 1994 and whose business license was revoked on January 10, 2001 as it did not undergo the regulatory annual inspection due to cessation of business. Dr. Chen confirmed that there was no outstanding liability against such company and Dr. Chen at the time of such revocation.

Independent non-executive Directors

Ms. Sin Pui Ying (洗佩瑩) (“Ms. Sin”), aged 41, is an independent non-executive Director. She was appointed as an independent non-executive Director on June 24, 2021. Ms. Sin is primarily responsible for participating in the decision making for our Company’s significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management.

Ms. Sin has more than 17 years of experience in finance and accounting. From August 2004 to December 2009, Ms. Sin successively served as accountant, associate and last served as senior auditor of Deloitte Touche Tohmatsu Certified Public Accountants. From March 2010 to December 2010, she served as senior investment manager of Town Health International Investments Limited (currently known as Town Health International Medical Group Limited (HKSE: 3886)). She subsequently served as chief financial officer and investor relations director of Fast Choice Limited, an indirect wholly owned subsidiary of China Gogreen Assets Investment Limited (currently known as Power Financial Group Limited (HKSE: 0397)) from January 2011 to January 2012, finance general manager of Hanergy Solar Group Limited (HKSE: 0566) from January 2012 to May 2014, financial controller, human resources and administrative director of HongDa Financial Holdings Limited (currently known as China Wood International Holding Co., Limited (HKSE: 1822)) from April 2014 to July 2017, head of corporate finance of FD(H) Investments Limited, a wholly-owned subsidiary of China Regenerative Medicine International Limited (HKSE: 8158) from February 2017 to November 2018.

Prior to joining our Company, she was responsible for accounting, internal audit, investment and corporate finance matters for several listed companies in Hong Kong. Ms. Sin served as an executive director of Hongda Financial Holding Limited (currently known as China Wood International Holding Co., Limited) (HKSE: 1822) from May 2020 to August 2020, Aurum Pacific (China) Group Limited (HKSE: 8148 (GEM)) from November 2019 to September 2020, KNK Holdings Limited (HKSE: 8039) from August 2019 to January 2021 and hmvod Limited (HKSE: 8103 (GEM)) from April 2020 to February 2021. Ms. Sin has been serving as an executive director of Courage Investment Group Limited (HKSE: 1145) since September 2020, On Real International Holdings Limited (HKSE: 8245 (GEM)) since November 2019 and Power Financial Group Limited (HKSE: 0397) since April 2021. These roles require Ms. Sin to contribute her experience in corporate governance and internal control without significant time commitments.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Sin obtained a bachelor’s degree in business administration (accounting and finance) from the University of Hong Kong in Hong Kong in December 2002. She is also a member of the Hong Kong Institute of Certified Public Accountants.

Ms. Zhang Yaping (張亞平) (“Ms. Zhang”), aged 63, is an independent non-executive Director. She was appointed as an independent Director on April 28, 2020 and redesignated as an independent non-executive Director on June 24, 2021. Ms. Zhang is primarily responsible for participating in the decision making for our Company’s significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management.

Ms. Zhang has over 30 years of working experience and had worked in Siemens Shanghai Mobile Communications Ltd. (上海西門子移動通信有限公司) (currently known as Nokia Telecommunications (Shanghai) Co., Ltd.* (諾基亞通信(上海)有限公司)) with her last position as a director of human resources. She also served as independent director of Zhejiang Sanhua Intelligent Controls Co., Ltd. (浙江三花智能控制股份有限公司) (SHE: 002050) from June 2014 to June 2020.

Ms. Zhang obtained a master’s degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in March 2003.

Mr. Wang Xuemeng (王學猛) (“Mr. Wang XM”), aged 41, is an independent non-executive Director. He was appointed as an independent Director on April 28, 2020 and redesignated as an independent non-executive Director on June 24, 2021. Mr. Wang XM is primarily responsible for participating in the decision making for our Company’s significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management.

Mr. Wang XM successively worked as marketing manager, marketing director, senior operation director, and regional general manager of Ecareer (Beijing) Co., Ltd. (英才華網網絡技術(北京)有限公司) from May 2004 to May 2012. Since August 2012, Mr. Wang XM worked in the Guangzhou Branch of Beijing Sina Internet Information Service Co., Ltd.* (北京新浪互聯信息服務有限公司) and had successively served various positions at Sina.Com Technology (China) Co., Ltd. (新浪網技術(中國)有限公司) including a regional general manager in the Southern China and general manager of marketing center. He is currently a sales general manager of the Company.

Mr. Wang XM obtained a bachelor’s degree in enterprise management from Shijiazhuang College of Economics* (石家莊經濟學院) in the PRC in June 2002 and a master’s degree in business administration from Tsinghua University (清華大學) in the PRC in July 2019.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Our Board of Supervisors consists of three members. The table below sets out certain information relating to the members of our Board of Supervisors.

Name	Age	Position	Date of appointment as a Supervisor	Date of joining our Group	Roles and Responsibilities
Ms. Ji Beibei (季貝貝) . . .	39	Supervisor and chairlady of Board of Supervisors	August 25, 2015	November 24, 2008	Directing the activities of our board of Supervisors and supervising the operating and financial activities of our Company
Ms. Zhu Wei (朱韉)	35	Supervisor	May 24, 2018	November 24, 2008	Supervising the operating and financial activities of our Company
Mr. Zhu Weiyin (朱偉寅) . . .	34	Supervisor and employee representative	May 24, 2018	May 27, 2010	Supervising the operating and financial activities of our Company

Ms. Ji Beibei (季貝貝) (“Ms. Ji”), aged 39, is a Supervisor and the chairlady of our Board of Supervisors. She joined our Group on November 24, 2008 and successively served as sales manager, sales director, and senior project manager of our Group. She was appointed as our Supervisor on August 25, 2015 and the chairlady of our Board of Supervisors on May 24, 2018. Ms. Ji is primarily responsible for directing the activities of our Board of Supervisors and supervising the operating and knowledge management activities of our Company.

Ms. Ji received her bachelor’s degree in economics and trade and her master’s degree in economics from University of Shanghai for Science and Technology (上海理工大學) in the PRC in July 2004 and March 2007, respectively. Ms. Ji is currently studying in a part-time master of business administration program held jointly by BI Norwegian Business School in Norway and Fudan University (復旦大學) in the PRC.

Ms. Zhu Wei (朱韉) (“Ms. Zhu”), aged 35, is a Supervisor. She joined our Group on November 24, 2008 and successively served as a project manager, senior project manager and project director of the mass consumption division of our Group. She was appointed as a Supervisor on May 24, 2018. Ms. Zhu is primarily responsible for supervising the operating and internal procedural management activities of our Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Zhu obtained a bachelor’s degree in management from University of Shanghai for Science and Technology (上海理工大學) in the PRC in July 2008.

Mr. Zhu Weiyin (朱偉寅) (“Mr. Zhu”), aged 34, is a Supervisor. He joined our Group on May 27, 2010 and successively served as project manager, senior project manager and customer director of the Internet technology, media and communications team, as well as the project director of the corporate sales management team of our Group. He was appointed as a Supervisor on May 24, 2018.

Prior to joining our Group, he worked in China Construction Bank Corporation Shanghai sub-branch from July 2009 to January 2010.

Mr. Zhu obtained his bachelor’s degree in Germanic language and literature from Shanghai International Studies University (上海外國語大學) in the PRC in July 2009.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out certain information regarding our Senior Management.

Name	Age	Position	Date of joining our Group	Date of appointment as Senior Management	Roles and Responsibilities
Mr. Xu Rujie (徐如傑)	50	Chairman, chief executive officer and executive Director	November 24, 2008	April 28, 2015	Overall strategic planning and business direction of our Group, management of our Company and overseeing corporate development of our Group
Mr. Cheng Yijiang (程頤江)	49	Executive Director and deputy general manager	August 14, 2015	May 24, 2018	Formulate business strategy and management of business operations of our Group
Ms. Tu Qiang (圖強)	35	Executive Director and deputy general manager	September 20, 2012	May 24, 2018	Oversee sales and marketing strategies of our Group
Mr. Zhang Bo (張博)	42	Deputy general manager	July 21, 2014	April 10, 2020	Strategic operation and information technology development of our Group

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Date of appointment as Senior Management	Roles and Responsibilities
Ms. Xu Wei (徐薇)	48	Chief financial officer	June 3, 2019	June 5, 2019	Financial management of our Group companies, financing activities and internal controls of our Group
Mr. Dai Weigang (戴為綱)	35	Board secretary	January 6, 2020	April 10, 2020	Coordinating daily activities of the office of our Board and management of investors’ relations

Mr. Xu, aged 50, is an executive Director, Chairman and Chief Executive Officer of our Company. For further details, please refer to the paragraph headed “Board of Directors — Executive Directors” in this section.

Mr. Cheng, aged 49, is an executive Director and deputy general manager of our Company. For further details, please refer to the paragraph headed “Board of Directors — Executive Directors” in this section.

Ms. Tu, aged 35, is an executive Director and deputy general manager of our Company. For further details, please refer to the paragraph headed “Board of Directors — Executive Directors” in this section.

Mr. Zhang Bo (張博) (“Mr. Zhang”), aged 42, is a deputy general manager of our Company. He joined our Group on July 21, 2014 and served as the deputy general manager of the global enterprise services department of our Group until he was appointed as a deputy general manager of the Group on April 10, 2020. Mr. Zhang is primarily responsible for strategic operation and information technology development of our Group.

Mr. Zhang has more than 14 years of experience in the consulting industry. Prior to joining our Group, from March 2007 to January 2008, he was employed by Frost & Sullivan (Beijing) Consulting Co., Ltd, Shanghai Branch. From July 2008 to July 2014, he was the deputy director of the APAC Fire and Security team of IHS (Beijing) Trading Company Limited* (埃士信(北京)貿易有限責任公司), which is a subsidiary of IHS Markit Ltd. (NYSE: INFO).

Mr. Zhang obtained a bachelor’s degree in construction equipment engineering and management from Tongji University (同濟大學) in the PRC in July 2001 and a master’s degree in project management from the University of Manchester in the United Kingdom in December 2004.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Xu Wei (徐薇) (“**Ms. Xu**”), aged 48, is the chief financial officer of our Company. She joined our Group on June 3, 2019 and was appointed as chief financial officer on June 5, 2019. Ms. Xu is primarily responsible for financial management of our Group companies, financing activities and internal controls of our Group.

Ms. Xu has over 23 years of experience in accounting and finance. She worked in Shanghai BASF Dyes Chemical Co., Ltd.* (上海巴斯夫染料化工有限公司) (currently known as BASF Application Chemical Co., Ltd.* (巴斯夫新材料有限公司)) from May 1998 to February 2001, Basifu (China) Co., Ltd.* (巴斯夫(中國)有限公司) from March 2001 to October 2004, Federal-Mogul Shanghai Bearing Co., Ltd.* (上海菲特爾莫古軸瓦有限公司) and Federal-Mogul (Shanghai) Automotive Parts Co., Ltd.* (菲特爾莫古(上海)汽車零部件有限公司) from October 2004 to May 2007, and Cooper (China) Co., Ltd.* (庫柏(中國)投資有限公司) from July 2007 to May 2010. She then served as the senior finance controller of CCI Flow Control (Shanghai) Co., Ltd. (希西艾流體控制設備(上海)有限公司) from June 2010 to June 2012, the operations controller of HCP Packaging (Shanghai) Co., Ltd.* (富祥塑膠製品(上海)有限公司) from April 2013 to August 2014, and as the finance director of Greater China of Lectra Systems (Shanghai) Co., Ltd.* (力克系統(上海)有限公司) from July 2015 to April 2019.

Ms. Xu obtained a bachelor’s degree in economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 1994. She then obtained a master of business administration degree from University of Southern California in the United States in August 2017.

Ms. Xu obtained the Chinese Certified Public Accountant qualification from Ministry of Finance of the PRC and the Chartered Certified Accountants qualification from the Association of Chartered Certified Accountants in June 2000 and November 2010, respectively.

Mr. Dai Weigang (戴為綱) (“**Mr. Dai**”), aged 35, is the secretary to our Board. He joined our Group on January 6, 2020 and was appointed as secretary to our Board on April 10, 2020. Mr. Dai is primarily responsible for coordinating daily activities of the office of our Board and managing investors’ relations.

Mr. Dai has over 13 years of experience in accounting and finance. Prior to joining our Group in January 2020, Mr. Dai was an auditor at Deloitte Touche Tohmatsu Certified Public Accountants LLP from July 2008 to November 2011, a senior accountant of Ernst & Young Hua Ming LLP from December 2011 to April 2012, as well as working at Caitong Securities Co., Ltd.* (財通證券股份有限公司) (SSE: 601108) from May 2012 to March 2015, and risk management director of Shanghai Linxin Asset Management Co., Ltd. (上海臨信資產管理有限公司) from November 2016 to January 2020.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Dai obtained a bachelor’s degree in financial management from Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院) in the PRC in July 2008.

Save as disclosed above, none of our Directors, Supervisors or senior management has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the Latest Practicable Date.

As of the Latest Practicable Date and save as disclosed above, (i) none of our Directors, Supervisors or members of the senior management of our Company is related to any other Directors, Supervisors and members of the senior management of our Company, and (ii) there is no additional matter with respect to the appointment of our Directors or Supervisors that needs to be brought to the attention of our Shareholders, and there is no additional information relating to our Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

JOINT COMPANY SECRETARIES

Mr. Dai Weigang (戴為綱) was appointed as one of our joint company secretaries on [•], 2021. For further details, please refer to the paragraph headed “Senior Management” in this section.

Mr. Zhang Mengchi (張夢弛) (“**Mr. Zhang**”), was appointed as one of our joint company secretaries on [•], 2021. Mr. Zhang is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited. He obtained a master’s degree in professional accounting and corporate governance from the City University of Hong Kong in Hong Kong in July 2017, and is an associate member of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

In accordance with the relevant PRC laws, regulations, the Articles and the corporate governance practice prescribed in the Listing Rules, we have formed four board committees, namely, the strategy committee of our Board (the “**Strategy Committee**”), the audit committee of our Board (the “**Audit Committee**”), the remuneration committee of our Board (the “**Remuneration Committee**”), and the nomination committee of our Board (the “**Nomination Committee**”).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Strategy Committee

We established a strategy committee.

The primary duties of our Strategy Committee are (i) to research and make recommendations to our Board on the long-term development strategies and plans of our Company; (ii) to research and make recommendations to our Board on the major financing plans of our Company and other major strategic issues influencing the development of our Company; and (iii) to review the implementation of the above matters.

Our Strategy Committee currently comprises one executive Director, Mr. Xu, one non-executive Director, Dr. Chen, and one independent non-executive Director, Mr. Wang XM. Mr. Xu currently serves as the chairman of the Strategy Committee.

Audit Committee

We established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of our Audit Committee are to assist our Board in providing an independent view of the effectiveness of the financial reporting process, the internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board.

Our Audit Committee currently comprises our independent non-executive Directors, Ms. Sin, Ms. Zhang and Mr. Wang XM. Ms. Sin is the chairlady of our Audit Committee.

Remuneration Committee

We established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of our Remuneration Committee include, among others, (i) making recommendations to our Board on the remuneration policy and structure for our Directors' and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) reviewing and approving our management's remuneration proposals with reference to our Board's corporate goals and objectives; and (iii) making recommendations to our Board on the remuneration packages of Directors and senior management.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Remuneration Committee currently comprises one executive Director, Mr. Xu, and two independent non-executive Directors, Ms. Zhang and Mr. Wang XM. Ms. Zhang is the chairlady of our Remuneration Committee.

Nomination Committee

We established a nomination committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary responsibilities of our Nomination Committee include making recommendations to our Board on the appointment of members of our Board.

Our Nomination Committee currently comprises one executive Director, Mr. Xu, and two independent non-executive Directors, Ms. Zhang Yaping and Mr. Wang XM. Mr. Wang XM is the chairman of our Nomination Committee.

BOARD DIVERSITY

We have adopted a board diversity policy (“the **Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve diversity of our Board through the consideration of a number of factors when selecting candidates to our Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. The ultimate decisions of board appointments will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including in management, strategic development, business development, sales, research and development, investment management, finance and risk management. They obtained degrees in various majors, including without limitation to telecommunications, economics, accounting, business administration and applied electronics. Our Directors range from 35 to 63 years old.

Our Board is responsible for reviewing the diversity of our Board. After the [REDACTED], our Board will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy from time to time to ensure its continued effectiveness. We will also disclose in our annual corporate governance report a summary of the Board Diversity Policy together with information regarding the implementation of the Board Diversity Policy.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Code provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Xu, the Chairman and executive Director of our Company, was also appointed as the Chief Executive Officer of our Company. Our Board believes that with the support of our senior management, vesting the roles of both chairman and chief executive officer in the same person can facilitate execution of our Group's business strategies and boost effectiveness of its operation. In addition, under the supervision by our Board which currently consists of three executive Directors, three non-executive Directors and three independent non-executive Directors, the interests of our Shareholders will be adequately and fairly represented.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Our Company offers executive Directors, Supervisors and members of our senior management, who are also employees of our Company, emolument in the form of salaries, allowances, discretionary bonus and benefits in kind (if applicable). Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chair of our board committees). We adopt a market and incentive-based employee emolument structure and implement a multi-layered evaluation system which focuses on performance and management goals.

The aggregate amount of remuneration paid to our Directors and Supervisors (including salaries, remuneration, pension, discretionary bonus, share-based compensation and other welfares) for the three financial years ended December 31, 2018, 2019, 2020 and the three months ended March 31, 2021, were approximately RMB4.10 million, RMB8.18 million, RMB8.08 million and RMB1.34 million, respectively.

It is estimated that remuneration and benefits in kind equivalent to approximately RMB8.50 million in aggregate will be paid and granted to our Directors and Supervisors by us in respect of the financial year ending December 31, 2021 under arrangements in force at the date of this document.

For the financial years ended December 31, 2018, 2019, 2020 and the three months ended March 31, 2021, the aggregate amount of emolument paid to the five highest paid individuals of our Group (excluding our Directors and Supervisors) were approximately RMB7.7 million, RMB6.29 million, RMB5.53 million and RMB1.58 million, respectively.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Track Record Period, no remuneration was paid to, or receivable by, our Directors, Supervisors or the five highest paid individuals of our Group as an inducement to join or upon joining our Group or as a compensation for loss of office in the Track Record Period. Further, none of our Directors had waived any emolument during the same period.

Except as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals of our Group during the Track Record Period. Furthermore, none of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

For further details, please refer to Note 7 of the Accountant's Report set out in Appendix I and "Statutory and General Information" set out in Appendix VI to this document.

COMPLIANCE ADVISOR

We have appointed Altus Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we must consult with and, if necessary, seek advice from our compliance advisor on a timely basis in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including Share issues and Share repurchases;
- (c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, 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 regarding unusual movements in the [REDACTED] or [REDACTED] volume of our Shares.

The term of the appointment of our compliance advisor will commence on the [REDACTED] and is expected to end on the date on which we distribute our annual report of our financial results for the first full financial year commencing after the [REDACTED] and such appointment may be extended by mutual agreement.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Mr. Xu, directly and through Shanghai Yuezhi, and Mr. Chen Rongsheng (陳榮生), were entitled to exercise the voting rights attaching to approximately 33.21% and 1.38% of the total issued Shares of our Company respectively. On March 1, 2020 and July 6, 2021, Mr. Xu and Mr. Chen Rongsheng (陳榮生) entered into an acting-in-concert agreement and a supplemental agreement (“**Acting-in-concert Agreement**”), respectively, as to acknowledge and confirm their acting-in-concert relationship in our Company whereby they had voted unanimously in the general meetings of our Company since January 1, 2018, and pursuant to which (i) they will jointly exercise their rights as shareholders to our Company and act in concert in any matters in respect of (a) putting forward the proposal to our Shareholders’ meetings; (b) nomination of Directors and Supervisors; (c) voting at our Shareholders’ meetings (Mr. Xu’s view will prevail if there is any disagreement); (ii) they will not sell their Shares within 12 months upon [REDACTED] on the Main Board; and (iii) they will not terminate the Acting-in-concert Agreement within 12 months upon [REDACTED] on the Stock Exchange. The Acting-in-concert Agreement will expire upon 36 months after the [REDACTED].

Immediately prior to the [REDACTED], Mr. Xu, directly and through Shanghai Yuezhi, and Mr. Cheng Rongsheng are collectively interested in approximately 34.60% of the total issued share capital of our Company, hence, the Controlling Shareholders (as defined under the Listing Rules) before [REDACTED]. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, Mr. Xu, directly and through Shanghai Yuezhi, and Mr. Chen Rongsheng (陳榮生) will be interested in approximately [REDACTED] of the total issued share capital of our Company. Therefore Mr. Xu, directly and through Shanghai Yuezhi and Mr. Chen Rongsheng (陳榮生) will cease to be our Controlling Shareholders upon [REDACTED], but they will remain as our single largest group of Shareholders upon [REDACTED].

For further details of the shareholding of Mr. Xu, Shanghai Yuezhi and Mr. Chen Rongsheng (陳榮生) immediately prior to and following the completion of the [REDACTED], please refer to the section headed “History, Development and Corporate Structure” in this document.

For further details of Mr. Xu, please refer to the section “Directors, Supervisors and Senior Management” in this document.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Each of our Single Largest Group of Shareholders has confirmed that, as of the Latest Practicable Date, none of them had any interest in any business, other than our business, which compete, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

NON-COMPETITION UNDERTAKING

Non-Competition

Each of our Single Largest Group of Shareholders has undertaken to us, for the benefit of our Group, in the Non-Competition Undertaking that, he/it would not, and he/it would procure that his/its close associates (other than any members of our Group) do not and would not, directly or indirectly, whether on his/its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate, be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise be involved, whether for profit, reward or otherwise), any Restricted Business¹.

Our Single Largest Group of Shareholders and/or their respective close associates or connected persons are not restricted from holding or being interested in shares or other securities in any company which conducts or is engaged in any Restricted Business (the “**Subject Company**”), provided that:

- (a) such shares or securities are listed on a recognized stock exchange; and
- (b) (i) the relevant Restricted Business conducted or engaged in by the Subject Company (and assets relating thereto) accounts for less than 10% of that company’s consolidated revenue or consolidated assets, as shown in the Subject Company’s latest audited accounts; or
- (ii) the aggregate number of shares, held by it, and/or its close associates and connected persons or, in which it and/or its close associates and connected persons are interested, does not amount to more than 5% of the issued shares of the Subject Company, and it or its connected person or close associates at no time shall have the right to appoint any person to the board of directors of the Subject Company.

Options for New Business Opportunities

Each of our Single Largest Group of Shareholders further unconditionally and irrevocably agrees, undertakes to and covenants to our Company to procure that any business investment or other commercial opportunity which directly or indirectly competes, or may lead to competition with our Group’s core business (“**New Business Opportunities**”), currently, being the business of

¹ any business or activity conducted by our Single Largest Group of Shareholders and its close associate (unless otherwise indicated, excluding our Company) in the PRC or overseas that is in competition with, or is likely to be in competition with, the businesses carried on by our Group

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

our Company as disclosed in this document, given, identified or offered to it and/or any of his/its close associates (other than any members of our Group) (the “**Offeror**”) is first referred to our Group in the following manner:

- each of the covenantors is required to, and shall procure its close associates (other than members of our Group) to, refer, or to procure the referral of, the New Business Opportunities to our Company, and shall give written notice to our Company of any New Business Opportunities containing all information reasonably necessary for our Company to consider whether (i) such New Business Opportunities would constitute competition with our Group’s core business; and (ii) it is in the interest of our Group to pursue such New Business Opportunities, including the nature of the New Business Opportunities and the details of the investment or acquisition costs (the “**Offer Notice**”);
- the Offeror will be entitled to pursue the New Business Opportunities only if (i) the Offeror has received a notice from our Company declining the New Business Opportunities and confirming that such New Business Opportunities would not constitute competition with our Group’s core business; or (ii) the Offeror has not received such notice from our Company within 10 Business Days from our Company’s receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Business Opportunities pursued by the Offeror, the Offeror will refer the New Business Opportunities as so revised to our Company in the manner as set out above; and
- Upon receipt of the Offer Notice, our Company shall seek opinions and decisions from our independent non-executive Directors (excluding any independent non-executive Directors with any conflict of interests) as to whether (i) such New Business Opportunities would constitute competition with our Group’s core business; and (ii) it is in the interest of our Company and our Shareholders as a whole to pursue the New Business Opportunities.

The decision on whether or not to exercise the option to acquire the New Business Opportunities will be made by our independent non-executive Directors to ensure the decision will give due regard to the interests of our independent Shareholders. Our independent non-executive Directors will consider all relevant factors including any feasibility study, counterparty risk, estimated profitability, our pipeline and the legal, regulatory and contractual landscape with a view to arriving at a decision which is in the best interests of our Company and our Shareholders as a whole.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

In relation to any New Business Opportunities referred to us by our Single Largest Group of Shareholders and/or its close associates (unless otherwise indicated, excluding our Company) under the Non-competition Undertaking which competes, or is likely to compete, directly or indirectly with the business carried on by any member of our Group from time to time during the agreed restricted period, if our Company decides not to take up such New Business Opportunity, our Single Largest Group of Shareholders and/or its close associates and connected persons may, subsequently, take up such New Business Opportunity on its own, as described above.

Further Undertakings

In order to promote good corporate governance practices and to improve transparency, the Non-Competition Undertaking includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Non-Competition Undertaking by our Single Largest Group of Shareholders;
- each of our Single Largest Group of Shareholders has undertaken to us that it/he will provide and procure its/his close associates to provide, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Non-Competition Undertaking;
- we will disclose the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Non-Competition Undertaking in our annual report or by way of [REDACTED] to the [REDACTED] in compliance with the requirements of the Listing Rules;
- we will disclose the decisions on matters reviewed by our independent non-executive Directors (including the reasons regarding the compliance with and implementation of the Non-competition Undertaking and for not taking up the New Business Opportunities referred to our Company) either through our annual report or by way of [REDACTED] to the [REDACTED];
- each of our Single Largest Group of Shareholders will make an annual declaration in our annual report on the compliance with the Non-Competition Undertaking; and
- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of the Non-Competition Undertaking, it/he/she may not

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

The Non-Competition Undertaking will lapse automatically if (i) our Single Largest Group of Shareholders and their close associates cease to hold, whether directly or indirectly, 10% or above of our Shares with voting rights, provided that our Single Largest Group of Shareholders and their close associates do not have the right to nominate 50% or more members of our Board or control the voting rights (including but not limited to control the casting vote) of our Board; or (ii) our Shares cease to be [REDACTED] on the Stock Exchange.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Single Largest Group of Shareholders and their respective close associates (other than our Group) after the [REDACTED]. None of our Directors or members of senior management serves as a director or a member of senior management in any close associate of our Single Largest Group of Shareholders.

Management Independence

Our Board consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors.

We consider that our Board and senior management of our Company will function independently from each of our Single Largest Group of Shareholders and their close associates for the following reasons:

- each of our Directors is aware of his/her fiduciary duties as a director which require, among others things, that he must act for the benefit of and in the best interests of our Company and our Shareholders as a whole and must not allow any conflict between his/her duties as a Director and his/her personal interests;
- our three independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements of the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions;

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

- each of our Directors will not vote in any Board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest and shall not be counted in the quorum present at the particular Board meeting; and
- we have established an internal control mechanism to identify related party transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions.

Based on the above, our Directors are satisfied that they are able to perform their roles as Directors independently and manage our business independently from our Single Largest Group of Shareholders and their close associates after the [REDACTED].

Financial Independence

Our Group has an independent financial system. We make financial decisions according to our own business needs. We have opened accounts with banks independently and do not share any bank accounts with our Single Largest Group of Shareholders or their close associates. We have established an independent finance department as well as implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources and a credit profile to support our daily operations.

As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by, or granted to, our Single Largest Group of Shareholders or their respective close associates.

Based on the above, we are of the view that there is no financial dependence on our Single Largest Group of Shareholders and their close associates.

Operational Independence

Our Group holds all of the relevant material licenses, qualifications and permits required for conducting our business. We have access to customers and suppliers independent of our Single Largest Group of Shareholders. We have our own accounting and financial department, human resources and administration department, internal control department and technology department (including research and development function) which have been in operation and are expected to continue to operate separately and independently from our Single Largest Group of Shareholders and their close associates. We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Based on the above, our Directors are satisfied that we have been operating independently from our Single Largest Group of Shareholders and their respective close associates during the Track Record Period and will continue to operate independently and are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on our Single Largest Group of Shareholders and their close associates after the [REDACTED].

CORPORATE GOVERNANCE MEASURES

We will comply with the provisions of the Corporate Governance Code set forth in Appendix 14 to the Listing Rules, which sets out the principles of good corporate governance.

Each of our Single Largest Group of Shareholders has confirmed that he/it will fully comprehend each of his/its obligations to act in the best interests of our Company and our Shareholders as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- where a Board meeting or Shareholders' meeting is to be held for considering proposed transactions in which any of our Directors or Single Largest Group of Shareholders or any of their respective close associates has a material interest, the relevant Director or Single Largest Group of Shareholders will not vote on the relevant resolutions;
- we have established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if we enter into connected transactions with any Single Largest Group of Shareholders or any of their close associates, we will comply with the applicable Listing Rules;
- the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and any Single Largest Group of Shareholders (the "Annual Review") and provide impartial and professional advice to protect the interests of our minority Shareholders;
- our Single Largest Group of Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our independent non-executive Directors for the Annual Review;
- our Company will disclose decisions on matters reviewed by our independent non-executive Directors either in its annual reports or by way of announcements;

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

- where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and
- we have appointed Altus Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our our Single Largest Group of Shareholders, and to protect our minority Shareholders' interests after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and assuming that the [REDACTED] is not exercised, the following persons will have an interest or a short position in the Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming [REDACTED] is not exercised)		
		Number and Class of Shares	Approximate percentage of interest in our Company	Number and Class of Shares	Approximate percentage of interest in our Company	Approximate percentage of interest in the relevant class of Shares of our Company
Mr. Xu ⁽¹⁾⁽²⁾	Beneficial owner Interest	14,702,150	29.40%	[REDACTED]	[REDACTED]	[REDACTED]
		Domestic Shares		[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation	1,904,750	3.81%	[REDACTED]	[REDACTED]	[REDACTED]
		Domestic Shares		[REDACTED]	[REDACTED]	[REDACTED]
Interests held jointly with another person	690,850	1.38%	[REDACTED]	[REDACTED]	[REDACTED]	
	Domestic Shares		[REDACTED]	[REDACTED]	[REDACTED]	
Mr. Chen Rongsheng (陳榮生) ⁽¹⁾⁽²⁾	Beneficial owner Interest	690,850	1.38%	[REDACTED]	[REDACTED]	[REDACTED]
		Domestic Shares		[REDACTED]	[REDACTED]	[REDACTED]
	Interests held jointly with another person	16,606,900	33.21%	[REDACTED]	[REDACTED]	[REDACTED]
Domestic Shares			[REDACTED]	[REDACTED]	[REDACTED]	
Gortune PE Management ⁽³⁾	Interest in controlled corporations	6,293,250	12.59%	[REDACTED]	[REDACTED]	[REDACTED]
		Domestic Shares				

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming [REDACTED] is not exercised)		
		Number and Class of Shares	Approximate percentage of interest in our Company	Number and Class of Shares	Approximate percentage of interest in our Company	Approximate percentage of interest in the relevant class of Shares of our Company
Gortune Investment ⁽³⁾	Interest in controlled corporations	6,293,250 Domestic Shares	12.59%	[REDACTED]	[REDACTED]	[REDACTED]
Changdu Gaoteng ⁽³⁾	Interest in controlled corporations	6,293,250 Domestic Shares	12.59%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) As of the Latest Practicable Date, Mr. Xu and Shanghai Yuezhi beneficially held 14,702,150 and 1,904,750 Domestic Shares respectively. Shanghai Yuezhi was held as to approximately 11.43% by its general partner, Mr. Xu. Therefore, Mr. Xu was deemed to be interested in the Shares held by Shanghai Yuezhi under the SFO.
- (2) As of the Latest Practicable Date, Mr. Chen Rongsheng (陳榮生) held 690,850 Domestic Shares. Mr. Xu and Mr. Chen Rongsheng (陳榮生) were parties to an acting-in-concert agreement. Therefore, each of Mr. Xu and Mr. Chen Rongsheng (陳榮生) was deemed to be interested in the Shares that each other was interested in under the SFO.
- (3) As of the Latest Practicable Date, each of Gortune Kanghe and Gortune Kangjia held 3,923,450 and 2,369,800 Domestic Shares, respectively, which was owned as to 0.01% by its general partner, Gortune PE Management, and 99.99% by its limited partner, Changdu Gaoteng. Gortune PE Management was owned as to 100% by Gortune Investment. Changdu Gaoteng was owned as to 0.06% by Changdu Congrui and 99.94% by Gortune Investment. Each of Gortune PE Management and Gortune Investment is ultimately owned by a group of diversified institutional investors (none of which holds more than 20%). Therefore, each of Gortune PE Management, Changdu Gaoteng and Gortune Investment was deemed to be interested in the Domestic Shares held by Gortune Kanghe and Gortune Kangjia under the SFO, respectively.
- (4) The calculation is based on the total number of 17,204,926 Domestic Shares in issue and 41,619,074 H Shares (assuming the [REDACTED] is not exercised) in issue upon [REDACTED], and assuming that the [REDACTED] is not exercised.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] and assuming that the [REDACTED] is not exercised, have an interest or a short position in the Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 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 share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and following the completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, our registered and issued share capital was RMB50,000,000 comprising 50,000,000 Domestic Shares at the nominal value of RMB1.00 each, representing 100% of the total share capital of our Company.

	Number of Shares	Approximate percentage of issued share capital (%)
Domestic Shares in issue.	50,000,000	100.00

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [REDACTED] and conversion of Domestic Shares into H Shares, assuming that the [REDACTED] is not exercised, our registered and issued share capital will be as follows:

	Number of Shares	Approximate percentage of issued share capital (%)
Domestic Shares in issue.	17,204,926	29.25
H Shares converted from Domestic Shares ⁽¹⁾	[REDACTED]	[REDACTED]
H Shares issued under the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

Immediately following the completion of the [REDACTED] and conversion of Domestic Shares into H Shares, assuming that the [REDACTED] is exercised in full, our registered and issued share capital will be as follows:

	Number of Shares	Approximate percentage of issued share capital (%)
Domestic Shares in issue.	17,204,926	28.60
H Shares converted from Domestic Shares ⁽¹⁾	[REDACTED]	[REDACTED]
H Shares issued under the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

Note:

- (1) Following the completion of the [REDACTED] and according to the approvals issued by the CSRC on [•], [REDACTED] Domestic Shares held by all our Shareholders will be converted into H Shares on a one-for-one basis and [REDACTED] on the Stock Exchange for [REDACTED].

SHARE CAPITAL

CLASSES OF OUR SHARES

Upon completion of the [REDACTED], the Shares will consist of Domestic Shares and H Shares. Domestic Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons. Domestic Shares can only be subscribed for by and traded between legal or natural PRC persons, qualified foreign institutional investors and foreign strategic investors.

Domestic Shares and H Shares are regarded as different classes of Shares. The differences between the two classes of Shares, provisions on class rights, despatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of members, the procedure of transfer of Shares and appointment of dividend receiving agents as contained in the Articles of Association are summarized in the section headed “Appendix V — Summary of the Articles of Association”.

Furthermore, any change or abrogation of the rights of class Shareholders shall be approved by way of a special resolution at the general meeting of Shareholders and a separate class meeting of class Shareholders convened by the affected class of Shareholders. The circumstances under which a general meeting and/or a class meeting is required are summarized in the section headed “Appendix V — Summary of the Articles of Association”. However, the approval of separate classes of Shareholders is not required under the following circumstances:

- (i) an issue of Domestic Shares or H Shares of not more than 20% of existing Domestic Shares or H Shares, respectively, either separately or concurrently in a period of 12 months, pursuant to an approval by a special resolution at the general meeting;
- (ii) a proposal to issue Domestic Shares and H Shares of our Company upon its establishment pursuant to the approval of the securities regulatory authority under the State Council, provided that such proposal is carried out within 15 months after such approval is given; or
- (iii) the conversion of Domestic Shares by Shareholders to shares listed on an overseas stock exchange pursuant to the approval by the securities regulatory authority under the State Council.

SHARE CAPITAL

Save as described in this document, Domestic Shares and H Shares shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be paid in Hong Kong dollars or in the form of additional H Shares whereas all dividends for Domestic Shares will be paid in RMB.

CONVERSION OF DOMESTIC SHARES INTO H SHARES

If any of the Domestic Shares are to be converted, [REDACTED] and [REDACTED] H Shares on the Stock Exchange, such conversion, [REDACTED] and [REDACTED] will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

In addition, such conversion, [REDACTED] and [REDACTED] shall complete any requisite internal approval process and comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Listing Review and Approval by the CSRC

In accordance with the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》) announced by the CSRC, H-share listed companies which apply for the conversion of domestic shares into H shares for listing and circulation on the Stock Exchange shall file the application with the CSRC according to the administrative licensing procedures necessary for the “examination and approval of public issuance and listing (including additional issuance) of overseas shares by a joint stock company”. An H-share listed company may apply for a “Full Circulation” separately or when applying for refinancing overseas. An unlisted domestic joint stock company may apply for “full circulation” when applying for an overseas initial public offering.

Our Company applied for a “Full Circulation” when applying for an overseas listing with the CSRC on July 12, 2021, and submitted the application reports, authorization documents of the Shareholders of domestic unlisted shares for which an H-share “full circulation” were applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

Our Company has received the reply from the CSRC dated [•], 2021 in relation to the approval of the overseas [REDACTED] and “Full Circulation”, pursuant to which, (1) our Company was approved to issue no more than [REDACTED] H Shares with a nominal value of RMB1.00 each, which are all ordinary shares, and upon this issuance our Company may be [REDACTED] on the Main Board of

SHARE CAPITAL

the Stock Exchange; (2) a total of [REDACTED] domestic [REDACTED] shares (with a nominal value of RMB1.00 each) held by the 39 Shareholders including the Single Largest Group of Shareholders were approved to be converted into H Shares, and the relevant Shares may be [REDACTED] on the Stock Exchange upon completion of the conversion. This reply shall remain effective within 12 months from the date of approval.

[REDACTED] Approval by the Stock Exchange

We have applied to the [REDACTED] of the Stock Exchange for the granting of [REDACTED] of, and permission to [REDACTED] in, our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) and the H Shares to be converted from [REDACTED] Domestic Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

Following the grant of relevant approvals, the holder of Domestic Shares shall submit an application to us to deregister the Domestic Shares to be converted from the register of members of Domestic Shares, together with the relevant document(s) of title. Upon all the requisite approvals being obtained, we will instruct the [REDACTED] to issue certificate(s) of such number of H Shares to the relevant holders of H Shares. Registration on our register of members of H Shares will be on the condition that (i) our [REDACTED] lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the register of members of H Shares and the due despatch of H Share certificates, and (ii) the admission of the H Shares to [REDACTED] on the Stock Exchange will comply with the Listing Rules and the General Rules of [REDACTED] and the [REDACTED] Operational Procedures in force from time to time. The converted Shares will not be [REDACTED] as H Shares until they are registered on our register of members of H Shares.

As a result of the conversion, the shareholding of the relevant holder of Domestic Shares in our Domestic Share capital registered shall be reduced by the number of Domestic Shares converted and the number of H Shares shall be increased by the number of converted H Shares. As of the Latest Practicable Date, save as disclosed in the section headed “History — [REDACTED] and Conversion of Domestic Shares into H Shares” of this document, our Directors were not aware of any intention of any holder of Domestic Shares to convert all or part of their Domestic Shares into H Shares.

SHARE CAPITAL

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The Company Law provides that in relation to the [REDACTED] of a company, the shares issued by that company prior to the [REDACTED] shall not be transferred for a period of one year from the date on which the [REDACTED] are [REDACTED] on any stock exchange.

Accordingly, Shares issued by our Company prior to the [REDACTED] shall be subject to this statutory restriction and shall not be transferred for a period of one year from the [REDACTED].

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, our Company is required to register the Domestic Shares with the China Securities Depository and Clearing Corporation Limited within 15 business days upon Listing and provide a written report to the CSRC regarding the centralized registration and deposit of the Domestic Shares as well as the [REDACTED] and [REDACTED] of the H Shares.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, including the notes thereto, including in the Accountant’s Report set out in Appendix I to this document. Our audited consolidated financial information has been prepared in accordance with HKFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ materially from those anticipated in these forward-looking statement as a result of certain factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this document, including those set forth in “Risk Factors” and “Forward-Looking Statements” in this document.

OVERVIEW

Founded in 2008, we are the leading industry expert knowledge services provider in China, with our expert network and client base having global presence. According to Frost & Sullivan, in 2020, we were the largest industry expert knowledge services provider in China as measured by revenue. We are headquartered in Shanghai and have established bases in Beijing, Suzhou, Shenzhen, Hong Kong and New York City. We connect our clients, including a broad range of large and prominent financial institutions, consulting firms and global corporations, to industry experts across a wide range of industries and regions. We believe our ability to quickly arrange in-depth and highly tailored consultations for our clients with well-qualified industry experts in a flexible manner, ranging in duration from brief interactions to longer-term projects, is the core of our value proposition to clients. In addition to arranging expert consultation services, we also provide research services and conference services to our clients. Our research services assemble teams of internal analysts who collaborate with external experts to conduct industry research, market research or similar services in response to specific client needs, and our conference services arrange in-person and virtual conferences at which clients can meet experts for industry and business insights.

We have experienced significant growth over the Track Record Period. Our total revenue grew from RMB385.4 million in 2018 to RMB460.5 million in 2019 and further to RMB643.5 million in 2020, representing a CAGR of 29.2%, and our net profit grew from RMB84.5 million in 2018 to RMB92.7 million in 2019 and further to RMB166.6 million in 2020, representing a CAGR of 40.4%. Moreover, our revenue and net profit for the three months ended March 31, 2021

FINANCIAL INFORMATION

amounted to RMB212.8 million and RMB68.4 million, respectively, representing an increase of 53.1% and 46.8%, respectively, compared to the corresponding amounts for the three months ended March 31, 2020.

In 2020, according to Frost & Sullivan, the size of the consulting industry globally and in China was approximately USD440.9 billion and USD21.3 billion, respectively, and the size of the industry expert knowledge services market globally and in China was approximately USD3.0 billion and USD277.9 million, respectively. We were the largest service provider in the China market in terms of revenue in 2020, with a market share of approximately 33.0%, according to Frost & Sullivan. Due to a number of factors including the rapid development of the financial industry in China and the increasing willingness of enterprises to pay for expert knowledge, the industry expert knowledge services market in China is expected to grow at a CAGR of 29.3% between 2020 and 2025, reaching USD1,004.2 million in 2025, and the global industry expert knowledge services market is expected to grow at a CAGR of 12.8% between 2020 and 2025, reaching USD5,512 million in 2025. We believe that our competitive strengths and our business strategies position us well to maintain rapid growth in the industry expert knowledge services markets both in China and overseas, as we plan to increase our presence both domestically within China and in select international markets.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

We have applied all effective standards, amendments to standards and interpretations, consistently throughout the Track Record Period. Standards, amendments and interpretations that have been issued but are not yet effective and have not been early adopted by us during the Track Record Period are disclosed in Note 2.1(a) in the Accountant’s Report that is set forth as Appendix I to this Document. We have commenced an assessment of the impact of these new standards, amendments and interpretations, certain of which are relevant to our operations. According to the preliminary assessment made by our Directors, no significant impact on our financial performance and positions is expected when they become effective.

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SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Demand for industry expert knowledge services and growth of the market for industry expert knowledge services

The market for industry expert knowledge services has experienced rapid growth during the Track Record Period, both in China and globally. This growth has resulted from several key factors, including but not limited to rapid growth in assets under management of public funds, private equity funds and venture capital funds, strong growth in the consulting industry and the increasing willingness of clients to pay for industry expert knowledge services, which have given rise to strong demand for industry expert knowledge services. From 2015 to 2020, the market for industry expert knowledge services in China grew at a CAGR of 31.0%, according to Frost & Sullivan, and we experienced commensurate revenue growth during the Track Record Period. Going forward, our revenue growth will continue to be dependent to a significant extent on growth in the overall industry expert knowledge services market. According to Frost & Sullivan, the market for industry expert knowledge services globally and in China is expected to grow at a CAGR of 12.8% and 29.3%, respectively, from 2020 to 2025. However, if demand for industry expert knowledge services grows less rapidly than we currently anticipate, our revenue and profit growth may be adversely affected.

Cost of qualified industry experts

Our operating profit and operating profit margin are strongly influenced by the level of our expert costs, which primarily represent amounts that we pay to experts for expert consultation services. To a lesser extent, our expert costs also include amounts paid to experts for participation in preparation of research reports as part of our research services or participation in conferences as part of our conference services. During the Track Record Period, our expert costs constituted the largest component of our total operating costs, amounting to 41.6%, 43.7%, 44.5% and 43.4%, respectively, of our total cost of sales, selling and distribution expenses and administrative expenses for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021. The level of our expert costs, in turn, depends in significant part on the supply of qualified industry experts and the wage level of the general human resources market as well as demand of qualified industry experts from existing competitors in, and potential new entrants into, the markets that we serve and plan to serve, and other means that such experts may have for

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monetizing their expertise. We expect our expert costs to increase in future periods as we expand the scope of our business. To maintain our anticipated level of growth in gross profit and operating profit, we must manage the rate of growth in expert costs appropriately.

The following sensitivity analysis illustrates the impact of hypothetical fluctuation in our expert costs on our profit before income tax with other variables held constant during the Track Record Period. Fluctuations are assumed to be 1% and 3% for the expert costs for each of the periods indicated. The analysis below is intended for reference only, and any variation may differ from the amount indicated.

	Year ended December 31,			Three months ended March 31,	
	2018	2019	2020	2020	2021
	<i>Increase/(decrease) in profit before income tax (RMB'000)</i>				
Change in expert costs					
+3%	(3,690.8)	(4,785.6)	(5,760.1)	(1,218.4)	(1,710.7)
+1%	(1,230.3)	(1,595.2)	(1,920.0)	(406.1)	(570.2)
-1%	1,230.3	1,595.2	1,920.0	406.1	570.2
-3%	3,690.8	4,785.6	5,760.1	1,218.4	1,710.7

As we scale up our business operations, we expect that our costs and expenses will increase in absolute terms and our ability to improve our operational efficiency by keeping the growth of our costs and expenses in proportion to the growth of our revenue is critical to our future results of operations and margins.

Cost of qualified employees

The level of our employee benefits expenses also strongly influences our operating profit and operating profit margin. Employee benefits expenses primarily represent amounts paid to our client management team, knowledge management team, administrative staff, sales and marketing staff and research and development staff. During the Track Record Period, our employee benefits expenses (excluding share-based payment expenses) constituted the second largest component of our total operating costs, amounting to 38.1%, 38.1%, 37.5% and 41.5%, respectively, of our total cost of sales, selling and distribution expenses and administrative expenses for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021. The level of our employee costs, in turn, depends in significant part on its size and the wage level, and the wage level is affected by the overall wage level of the general human resources market. To maintain our anticipated level of growth in operating profit, we must manage the rate of growth in our employee benefits expenses appropriately.

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Competition

The market for industry expert knowledge services is subject to changing technology and rapidly evolving. We face constant pressure to attract and retain clients and high-quality experts, expand the market for our services, maintain a technological edge and provide our value propositions to our clients and experts. For further details, please refer to the section headed “Business — Competition” in this document. We believe we have created a virtuous cycle in which our high-quality client base enables us to induce well-qualified experts to join our network, while the high quality of services provided to our clients by members of our expert network enables us to generate repeat business from existing clients and induce new clients to make use of our services. We believe that this, in turn, gives rise to a brand effect that presents a substantial barrier to entry for potential competitors in China. However, a variety of factors could cause competition in the markets that we serve or plan to serve to intensify going forward, which may adversely affect our anticipated revenue and profit growth.

Information technology infrastructure

We have established a proprietary IT infrastructure with our industry expert network database system at its core. Our IT infrastructure enhances our operational efficiency and service quality. For example, upon receipt of a client request, our IT infrastructure carries out the initial process of matching the client to several potential well-qualified experts based on the client’s requirements, and our experienced knowledge management team will then further select and recommend experts based on the client’s needs in order to provide the client with the most precise matching options. Our IT infrastructure also enables us to organize information that may relate to future client enquiries and to envisage what types of information may address further demands from clients. Both of these features of our IT infrastructure have enabled us to match clients and experts rapidly and with a high degree of accuracy and efficiency than that is achievable in the absence of sophisticated IT infrastructure, which has helped us to improve our overall operational efficiency and service quality during the Track Record Period.

Going forward, continual investment in the integration, expansion and optimization of our IT infrastructure is a key element of our business strategy. We believe our planned investments in IT infrastructure are necessary for several reasons, including the following: (i) to enhance our data analysis capability in order to better understand client needs and expert capabilities, so as to provide more comprehensive services to our clients; (ii) to increase system intelligence, which we expect will significantly reduce costs for automatic matches/pairings between clients and experts, enabling us to provide differentiated low-cost services to SMEs; and (iii) to support our international expansion strategy and generate revenue growth in overseas markets. For further

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details, please refer to the section headed “Business — Business Strategies — Integrate, expand and optimize our IT infrastructure” in this document. To achieve our revenue and profit growth expectations, we must successfully execute our IT infrastructure strategy.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe to be reasonable under the circumstances. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates.

Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) our critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Significant Accounting Policies

Our significant accounting policies for the Track Record Period include our accounting policies relating to revenue recognition, employee benefits, trade receivables, deferred income tax and foreign currency translation.

Revenue Recognition

Revenue is recognized when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised services is transferred to clients. Revenue is measured as the amount of consideration that we expect to receive in exchange for providing services to a client (“**transaction price**”) after deducting the sales rebates.

A performance obligation represents service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same. Depending on the terms of the contract and the laws applicable, control of the services may be transferred over time or at a point in time. If control of the services is transferred over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the client obtains control of the services.

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A contract liability represents our obligation to transfer services to a client for which we have received consideration (or an amount of consideration is due) from the client.

Our determination as to whether our revenue should be reported gross or net is based on a continuing assessment of various factors. When determining whether we are acting as the principal or as an agent in offering services to a client, we need to first identify who controls the specified services before they are transferred to the client. We are a principal in cases where we obtain control of any of the following: (i) a good or another asset from the other party that we then transfer to the client; (ii) a right to a service to be performed by the other party, which gives us the ability to direct that party to provide the service to the client on our behalf; and (iii) a service from the other party that we then consolidate with other services in providing the specified service to the client. If control is unclear, when we are primarily obligated in a transaction, are subject to inventory risk, have latitude in establishing prices, or have several but not all of these indicators, we record revenues on a gross basis. Otherwise, we record the net amount earned as commissions from services provided. We recorded revenues on a gross basis during the Track Record Period.

The following sets forth information concerning the various business models for different types of services:

- *Expert consultation services*
 - We provide expert consultation services to clients or other parties designated by the clients with the ability to arrange consultations with qualified industry experts. Revenue from expert consultation services is recognized in the accounting period in which the services are rendered. Revenue is recognized based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided.
 - Revenue from standardized expert consultation services with fixed unit price is recognized in the accounting period in which the services are rendered and measured based on the fixed unit price.
 - Revenue from customized expert consultation services is recognized based on the total contract amount agreed either before or after we provide the relevant services. For contracts with the total amount agreed before the services are rendered, revenue is measured based on the contract amount and recognized over time based on the services provided, and for contracts with the total amount agreed after the services are rendered, we negotiate the total amount with clients and on a regular basis and recognize the revenue when the contract amount can be determined.

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- *Conference services.* We agree with the client on the fee per hour for the conference services. Revenue from conference services is recognized based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided.
- *Research services.* Revenue from research services is recognized when we deliver a research report to clients.

Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheets.

In addition, our employees are entitled to participate in various government supervised housing funds, medical insurance and other employee social insurance plans. We contribute on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to a certain ceiling. Our liability in respect of these funds is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred.

Moreover, we operate an equity-settled share-based compensation plan, under which we receive services from eligible employees as consideration for equity instruments of our Company. The fair value of the employee services received in exchange for the grant of equity instruments is recognized as an expense in our historical financial information. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions;
- including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

For further information concerning our accounting policies for employee benefits, please refer to Note 2.14 in the Accountant's Report set forth in Appendix I to this Document.

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Trade Receivables

Trade receivables are amounts due from clients for services provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. Our Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

For trade receivables, our management makes periodic assessments as well as individual assessments on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. We have applied the simplified approach in calculating expected credit loss prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Our management has assessed that during the Track Record Period, trade receivables have not had a significant increase in credit risk since initial recognition.

Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in our Historical Financial Information. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

For further information concerning our accounting policies for deferred income tax, please refer to Note. 2.13 in the Accountant's Report set forth in Appendix I to this Document.

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Foreign Currency Translation

Items included in the financial statements of each of our Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**Functional Currency**"). The historical financial information is presented in RMB, which is our Company's functional currency and our Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of comprehensive income.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statements of comprehensive income within "Finance income/(costs) — net." All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within "Other gains/(losses) — net."

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss.

The results and financial position of all our Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated balance sheets presented are translated at the closing rate at the date of that consolidated balance sheets;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

For further information concerning our accounting policies relating to foreign currency translation, please refer to Note 2.4 in the Accountant's Report set forth in Appendix I to this Document.

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Critical Accounting Estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Our management also needs to exercise judgment in applying our accounting policies. Estimates and judgments 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. Our critical accounting estimates relate to recognition of share-based payment expenses and income tax and deferred tax.

Recognition of Share-based Payment

As mentioned above under the heading “— Significant Accounting Policies and Estimates — Employee Benefits,” we operate an equity-settled share-based compensation plan, under which we receive services from eligible employees as consideration for equity instruments of our Company. Moreover, we have granted share-based payment to certain Shareholders. For further information, please refer to Note 25 in the Accountant’s Report set forth in Appendix I to this Document. Our management applies judgments and estimates, such as employee turnover rate, in determining share-based payment expenses each period.

We have engaged an independent valuer to determine the total fair value of the equity incentive tools granted to employees. The fair value of equity incentive tools is determined by the discounted-cashflow model at the grant date. Significant estimate on assumptions, including risk-free interest rate, risk premium and expected volatility, are made by our Directors with the assistance of an independent valuer.

Income Tax and Deferred Tax

Our Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

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DESCRIPTION OF SELECTED COMPONENTS OF STATEMENTS OF COMPREHENSIVE INCOME

The table below sets forth our consolidated statements of comprehensive income for the periods indicated derived from our consolidated statements of comprehensive income set out in the Accountant’s Report included in Appendix I to this document:

	Year ended December 31,						Three months ended March 31,			
	2018		2019		2020		2020		2021	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage of revenue
	<i>(unaudited)</i>									
	<i>(RMB'000, except in percentages)</i>									
Revenue	385,428	100.0%	460,548	100.0%	643,479	100.0%	138,964	100.0%	212,783	100.0%
Cost of sales	(196,977)	(51.1)%	(260,924)	(56.7)%	(314,699)	(48.9)%	(66,128)	(47.6)%	(96,633)	(45.4)%
Gross Profit	188,451	48.9%	199,624	43.3%	328,780	51.1%	72,836	52.4%	116,150	54.6%
Selling and distribution expenses	(44,728)	(11.6)%	(47,503)	(10.3)%	(52,170)	(8.1)%	(9,112)	(6.6)%	(18,880)	(8.9)%
Administrative expenses	(54,365)	(14.1)%	(56,852)	(12.3)%	(64,956)	(10.1)%	(13,615)	(9.8)%	(15,850)	(7.4)%
Net impairment (losses)/profits on financial assets	357	0.1%	(1,274)	(0.3)%	(1,673)	(0.3)%	(704)	(0.5)%	(412)	(0.2)%
Impairment on non-financial assets	—	0.0%	(140)	0.0%	—	0.0%	—	0.0%	—	0.0%
Other income	4,122	1.1%	10,303	2.2%	8,126	1.3%	425	0.3%	629	0.3%
Other (losses)/gains, net	(1,386)	(0.4)%	3,557	0.8%	(2,153)	(0.3)%	(264)	(0.2)%	(4,438)	(2.1)%
Operating profit	92,451	24.0%	107,715	23.4%	215,954	33.6%	49,566	35.7%	77,199	36.3%
Finance (costs)/income, net	5,485	1.4%	3,705	0.8%	(18,143)	(2.8)%	4,069	2.9%	2,213	1.0%
Share of income/(loss) of investment in associates	(92)	0.0%	6	0.0%	(14)	0.0%	(8)	0.0%	—	0.0%
Profit before income tax	97,844	25.4%	111,426	24.2%	197,797	30.7%	53,627	38.6%	79,412	37.3%
Income tax expense	(13,333)	(3.5)%	(18,737)	(4.1)%	(31,194)	(4.8)%	(7,050)	(5.1)%	(11,053)	(5.2)%
Profit for the year/period	84,511	21.9%	92,689	20.1%	166,603	25.9%	46,577	33.5%	68,359	32.1%
Profit for the year/period attributable to										
— Owners of our Company	85,079	22.1%	93,673	20.3%	165,490	25.7%	46,522	33.5%	67,490	31.7%
— Non-controlling interests	(568)	(0.1)%	(984)	(0.2)%	1,113	0.2%	55	0.0%	869	0.4%
Other comprehensive income, net of tax										
Item that may be reclassified to profit or loss:										
Currency translation difference	6	0.0%	(9)	(0.0)%	(333)	(0.1)%	(661)	(0.5)%	(11)	(0.0)%
Other comprehensive income for the year/period, net of tax	6	0.0%	(9)	(0.0)%	(333)	(0.1)%	(661)	(0.5)%	(11)	(0.0)%
Total comprehensive income for the year/period, net of tax	84,517	21.9%	92,680	20.1%	166,270	25.8%	45,916	33.0%	68,348	32.1%
Total comprehensive income for the year/period attributable to										
— Owners of our Company	85,085	22.1%	93,669	20.3%	165,355	25.7%	46,059	33.1%	67,455	31.7%
— Non-controlling interest	(568)	(0.1)%	(989)	(0.2)%	915	0.1%	(143)	(0.1)%	893	0.4%

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Revenue

Our revenue consists primarily of fees that we charge to our clients for expert consultation services that we have arranged. We also generate revenue by providing research services and conference services to our clients. For further details, please refer to the section headed “Business — Our Services” in this document. The following table sets forth a breakdown of our revenue for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021.

	Year ended December 31,						Three months ended March 31,			
	2018		2019		2020		2020		2021	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage of revenue
	<i>(unaudited)</i>									
	<i>(RMB'000, except in percentages)</i>									
Expert consultation services . . .	346,324	89.9%	403,947	87.7%	570,191	88.6%	124,068	89.3%	188,322	88.5%
Research services	27,358	7.1%	44,911	9.8%	53,526	8.3%	11,664	8.4%	16,814	7.9%
Conference services	11,746	3.0%	11,690	2.5%	19,762	3.1%	3,232	2.3%	7,647	3.6%
Total Revenue	385,428	100.0%	460,548	100.0%	643,479	100.0%	138,964	100.0%	212,783	100.0%

Cost of Sales

Our cost of sales consists primarily of fees that we pay to experts. For the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, such fees accounted for 62.5%, 61.1%, 61.0% and 59.0%, respectively, of our total cost of sales. In addition, certain expenses were directly attributable to cost of sales which comprised primarily employee benefits expenses provided to the members of our knowledge management team. Such employee salaries and benefits account for a substantial majority of the remainder of our total cost of sales aside from fees paid to experts. Other expenses consisted of mainly service fees paid to third party service providers in relation to our research projects, office and travel expenses, as well as depreciation of right-of-use assets. The following table sets forth a breakdown of our cost of sales for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021.

	Year ended December 31,						Three months ended March 31			
	2018		2019		2020		2020		2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	<i>(unaudited)</i>									
	<i>(RMB'000, except in percentages)</i>									
Expert costs	123,028	62.5%	159,521	61.1%	192,003	61.0%	40,614	61.4%	57,022	59.0%
Employee benefits expenses . . .	47,301	24.0%	72,179	27.7%	87,579	27.8%	18,818	28.5%	30,382	31.4%
— (thereof share-based payment expenses) . . .	—	—	—	—	2,791 ⁽¹⁾	0.9%	—	—	907 ⁽¹⁾	0.9%
Other expenses	26,648	13.5%	29,224	11.2%	35,117	11.2%	6,696	10.1%	9,229	9.6%
Total	196,977	100.0%	260,924	100.0%	314,699	100.0%	66,128	100.0%	96,633	100.0%

Note:

(1) Share-based payment expenses were part of our employee benefits expenses.

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Selling and Distribution Expenses

Our selling and distribution expenses consist primarily of employee benefits expenses for our employees engaged in sales and marketing activities. For the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, employee benefits expenses (excluding shared-based payment expenses) for such employees accounted for 59.4%, 66.5%, 74.2% and 72.8%, respectively, of our total selling and distribution expenses. Other significant components of our selling and distribution expenses during the Track Record Period included meeting expenses and other expenses, which consisted of mainly meals and entertainment, as well as office and travel expenses.

The following table sets forth a breakdown of our selling and distribution expenses for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021.

	Year ended December 31,						Three months ended March 31,			
	2018		2019		2020		2020		2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	<i>(unaudited)</i>									
	<i>(RMB'000, except in percentages)</i>									
Employee benefits expenses . . .	26,576	59.4%	33,042	69.5%	43,831	84.1%	8,294	91.0%	15,945	84.5%
— (thereof share-based payment expenses) . . .	—	—	1,440 ⁽¹⁾	3.0%	5,140 ⁽¹⁾	9.9%	—	—	2,203 ⁽¹⁾	11.7%
Meeting expenses	10,842	24.2%	8,306	17.5%	1,166	2.2%	58	0.6%	1,116	5.9%
Other expenses	7,310	16.3%	6,155	13.0%	7,173	13.7%	760	8.3%	1,819	9.6%
Total	44,728	100.0%	47,503	100.0%	52,170	100.0%	9,112	100.0%	18,880	100.0%

Note:

⁽¹⁾ Share-based payment expenses were part of our employee benefits expenses.

Administrative Expenses

A majority of our administrative expenses consists of employee benefits expenses. For the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, employee benefits expenses (excluding share-based payment expenses) accounted for 71.8%, 62.5%, 59.0% and 71.1%, respectively, of our administrative expenses. Other significant components of our administrative expenses included office and travel expenses, professional service fees and other expenses, which consisted of mainly depreciation of right-of-use assets, and depreciation of property, plant and equipment.

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The following table sets forth a breakdown of our administrative expenses for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021.

	Year ended December 31,						Three months ended March 31,			
	2018		2019		2020		2020		2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	<i>(unaudited)</i>									
	<i>(RMB'000, except in percentages)</i>									
Employee benefits expenses . . .	39,696	73.0%	38,071	67.0%	40,812	62.9%	7,897	58.0%	12,632	79.7%
— (thereof share-based payment expenses) . . .	668 ⁽¹⁾	1.2%	2,561 ⁽¹⁾	4.5%	2,512 ⁽¹⁾	3.9%	—	—	1,366 ⁽¹⁾	8.6%
Office and travel expenses . . .	3,914	7.2%	3,578	6.3%	4,838	7.4%	848	6.2%	889	5.6%
Service fee	2,748	5.1%	4,782	8.4%	7,274	11.2%	1,646	12.1%	578	3.6%
Other expenses	8,007	14.7%	10,421	18.3%	12,032	18.5%	3,224	23.7%	1,751	11.0%
Total	54,365	100.0%	56,852	100.0%	64,956	100.0%	13,615	100.0%	15,850	100.0%

Note:

⁽¹⁾ Share-based payment expenses were part of our employee benefits expenses.

Net Impairment Gains/(Losses) on Financial Assets

Net impairment gains/(losses) on financial assets relate to impairments and reversals of impairment on our trade receivables. For further information, please refer to Note 3.1(b)(i) to the Accountant’s Report set forth in Appendix I to this Document.

Other Income

During the Track Record Period, our other income consisted primarily of subsidies from the PRC government to support the development of the enterprise. The following table sets forth a breakdown of our other income for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021.

	Year ended December 31,			Three months ended March 31,	
	2018	2019	2020	2020	2021
	<i>(unaudited)</i>				
	<i>(RMB'000)</i>				
Government grants	3,797	9,450	7,580	258	4
Additional deduction of VAT	—	207	283	167	104
Others	325	646	263	—	521
Total other income	4,122	10,303	8,126	425	629

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Other Net Gains/(Losses)

During the Track Record Period, our other net gains and losses consisted primarily of i) gains on financial assets at fair value through profit or loss and ii) exchange gains and losses. The following table sets forth a breakdown of our other net gains/(losses) for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021.

	Year ended December 31,			Three months ended March 31,	
	2018	2019	2020	2020	2021
	<i>(RMB'000)</i>			<i>(unaudited)</i>	
Gain on financial assets at					
FVPL	1,364	3,209	1,712	7	435
Exchange gain/(loss), net	(2,799)	321	(3,222)	426	70
Donation	—	—	(534)	(534)	—
Late fee	—	—	—	—	(4,913)
Others	49	27	(109)	(163)	(30)
Total Revenue	<u>(1,386)</u>	<u>3,557</u>	<u>(2,153)</u>	<u>(264)</u>	<u>(4,438)</u>

Net Finance Costs/Income

During the Track Record Period, our financial costs and losses consisted primarily of interest income on bank deposits and exchange gains and losses relating to cash and cash equivalents denominated in currencies other than RMB, principally the U.S. dollar. The following table sets forth a breakdown of our net finance income/costs for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021.

	Year ended December 31,			Three months ended March 31,	
	2018	2019	2020	2020	2021
	<i>(RMB'000)</i>			<i>(unaudited)</i>	
Finance income:					
Interest income from bank deposits	393	1,588	1,466	732	54
Net exchange gain	5,257	2,875	—	3,512	2,476
	<u>5,650</u>	<u>4,463</u>	<u>1,466</u>	<u>4,244</u>	<u>2,530</u>
Finance costs:					
Interest and finance charges					
paid/payable for lease liabilities					
and others	(165)	(758)	(699)	(175)	(317)
Net exchange loss	—	—	(18,910)	—	—
	<u>(165)</u>	<u>(758)</u>	<u>(19,609)</u>	<u>(175)</u>	<u>(317)</u>
Net finance (costs)/income	<u>5,485</u>	<u>3,705</u>	<u>(18,143)</u>	<u>4,069</u>	<u>2,213</u>

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Share of Loss of Investment in Associates

Share of loss in investment in associates represents our share in the loss of Capvision Rongzhi, an associate in which we own a 50% equity interest. For further information concerning this investment, please refer to Note 13, “Investments accounted for using the equity method,” in the Accountant’s Report set forth in Appendix I to this document.

Income Tax Expense

Our income tax expense during the Track Record Period consisted predominantly of current income tax expense arising from PRC income tax on estimated assessable profits from our PRC subsidiaries, as well as U.S. income tax, Hong Kong profits tax and Germans profit tax on estimated assessable profits from our existing or previous operations in those jurisdictions. To a significantly lesser extent, our income tax expense was influenced by deferred income tax provisions. For information on our deferred income tax expense, please refer to Note 28, “Deferred income taxes,” in the Accountant’s Report set forth in Appendix I to this document.

For the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021, our total income tax expense as a percentage of profit before income tax amounted to 13.6%, 16.8%, 15.8% and 13.9%, respectively. The difference between these percentages and tax calculated at the PRC statutory tax rate of 25% is accounted for primarily by (i) preferential tax benefits available to us as a “New High-Tech Enterprise” and a “Small and Low-Profit Enterprise” under the PRC Corporate Income Tax Law and related regulations and (ii) the availability of a “super deduction” for research and development expenses under applicable regulations of the PRC State Administration of Taxation. For further information on our income tax expense, including a quantitative reconciliation of income tax expense under HKFRS to tax calculated at the statutory tax rate of 25%, please refer to Note 11, “Income tax expense” in the Accountant’s Report set forth in Appendix I to this document.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

Revenue

Our revenue increased by RMB73.8 million, or 53.1%, from RMB139.0 million in the first quarter of 2020 to RMB212.8 million in the first quarter of 2021. An increase of RMB64.3 million or 51.8% in revenue from expert consultation services accounted for the substantial majority of the increase in our revenue between the first quarter of 2020 and the first quarter of 2021. This increase in revenue from expert consultation services, in turn, resulted from a substantial increase

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in the total number of hours of expert consultation services that we billed to our clients, driven by development of the capital markets and our in-depth exploration of clients’ needs. From the first quarter of 2020 to the first quarter of 2021, revenue from research services increased by RMB5.2 million, or 44.2%, which is concomitant with the increase in the revenue from expert consultation services, and revenue from conference services doubled from RMB3.2 million to RMB7.6 million primarily due to optimization of the sales and marketing strategies.

Cost of Sales

Our cost of sales increased by RMB30.5 million, or 46.1%, from RMB66.1 million in the first quarter of 2020 to RMB96.6 million in the first quarter of 2021. This increase was primarily attributable to an increase of RMB16.4 million in the amount we paid to the experts for expert consultation services. An increase of RMB11.6 million in employee benefits expenses for our knowledge management team resulting from a salary increase in October 2020 and the adoption of an employee equity incentive scheme in May 2020 resulting in larger share-based payment expenses in the first quarter of 2021 also contributed significantly to the increase in cost of sales.

Gross Profit and Gross Profit Margin

As a result of the foregoing developments in revenue and cost of sales, our gross profit increased by RMB43.3 million, or 59.5%, from RMB72.8 million in the first quarter of 2020 to RMB116.2 million in the first quarter of 2021, and our gross profit margin increased slightly from 52.4% in the first quarter of 2020 to 54.6% in the first quarter of 2021.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB9.8 million, or 107.2%, from RMB9.1 million in the first quarter of 2020 to RMB18.9 million in the first quarter of 2021. This increase resulted primarily from two factors. First, selling and distribution expenses were significantly lower than average during the first quarter of 2020 due to a significant decrease in business travel expenses and business entertainment expenses during the COVID-19 pandemic. Second, we implemented an increase in bonuses for members of our sales and marketing team, which caused selling and distribution expenses to be significantly higher than average during the first quarter of 2021.

Administrative Expenses

Our administrative expenses increased by RMB2.2 million, or 16.4%, from RMB13.6 million in the first quarter of 2020 to RMB15.9 million in the first quarter of 2021. This increase resulted primarily from an increase of RMB3.4 million in employee benefits expenses (excluding

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shared-based payment expenses) and RMB1.4 million in share-based payment expenses which were allocated to administrative expenses, the effect of which was partially offset by decreases in service fees, depreciation of right-to-use assets and rental expenses. The increase in employee benefits expenses was due to an increase in salaries in October 2020 and the adoption of an employee equity incentive scheme in May 2020.

Net Impairment Gains/(Losses) on Financial Assets

Net impairment losses on financial assets decreased from RMB0.7 million in the first quarter of 2020 to RMB0.4 million in the first quarter of 2021.

Other Income

Our other income increased from RMB0.4 million in the first quarter of 2020 to RMB0.6 million in the first quarter of 2021.

Other Net Gains/(Losses)

Other net (losses) increased from RMB0.3 million in the first quarter of 2020 to RMB4.4 million in the first quarter of 2021. The net loss in the first quarter of 2020 resulted primarily from a donation of RMB0.5 million, the effect of which was largely offset by an exchange gain of RMB0.4 million. The net loss in the first quarter of 2021 resulted primarily from the late fee. The late fee represented the under-accrual of the individual income tax for the experts previously withheld by a third-party agency engaged by us before January 2020. Upon the cessation of the business cooperation with the third-party agency, we have voluntarily submitted a reassessment to the relevant tax authority and repaid the individual income taxes in respect of the service fees paid to the experts through the third-party agency during the period from July 2018 to December 2019 with the tax reporting late fee of RMB4.9 million. We have accrued and paid the individual income tax with the correct tax rate starting from 2020.

Operating Profit

As a result of the foregoing developments in gross profit and operating costs, our operating profit increased by RMB27.6 million, or 55.7%, from RMB49.6 million in the first quarter of 2020 to RMB77.2 million in the first quarter of 2021, while our operating profit margin increased from 35.7% in the first quarter of 2020 to 36.3% in the first quarter of 2021.

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Net Finance (Costs)/Income

Our net finance income amounted to RMB4.1 million in the first quarter of 2020 and RMB2.2 million in the first quarter of 2021. The decrease was primarily due to a decrease in foreign currency exchange gain and interest income from bank deposit.

Share of (Loss)/Profit on Investment in Associates

Our share of loss on investment in associates was approximately RMB8,000 in the first quarter of 2020 and nil in the first quarter of 2021.

Income Tax Expense

Our income tax expense increased by RMB4.0 million, or 56.8%, from RMB7.1 million in the first quarter of 2020 to RMB11.1 million in the first quarter of 2021. This increase was attributable to an increase in profit before income tax.

Profit for the Period

As a result of the foregoing, our profit for the period increased by RMB21.8 million, or 46.8%, from RMB46.6 million in the first quarter of 2020 to RMB68.4 million in the first quarter of 2021.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Our revenue increased by RMB182.9 million, or 39.7%, from RMB460.5 million in 2019 to RMB643.5 million in 2020. An increase of RMB166.2 million, or 41.2%, in revenue from expert consultation services accounted for the substantial majority of the increase in our revenue between 2019 and 2020. This increase in revenue from expert consultation services resulted from an increase in the number of clients and an increase in revenue from major clients due to better servicing of their needs. Revenue from research services increased by RMB8.6 million, or 19.2%, between 2019 and 2020, which was concomitant with the increase in the revenue from expert consultation services. Revenue from conference services increased by RMB8.1 million between 2019 and 2020, primarily due to an increase in resources to develop this business beginning from mid 2020.

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Cost of Sales

Our cost of sales increased by RMB53.8 million, or 20.6%, from RMB260.9 million in 2019 to RMB314.7 million in 2020. This increase was primarily attributable to an increase of RMB32.5 million in the amount we paid to experts for expert consultation services, which was due to an increase in the volume of expert consultation services provided. In addition, in 2019, foreseeing the growth of the market in 2020 and beyond, we significantly expanded headcount and salaries for our knowledge management team. This led to an increase of RMB12.6 million in employee benefits expenses (excluding shared-based payment expenses) for our knowledge management team which, as well as an increase in RMB2.8 million in share-based payment expenses, also contributed significantly to the increase in cost of sales.

Gross Profit and Gross Profit Margin

The aforementioned increase in the headcount and salaries of the knowledge management team resulted in a higher cost of sales and a lower gross profit margin in 2019. However, due to the expansion of our knowledge management team in 2019, our revenue from expert consultation services increased significantly in 2020. As a result, our gross profit increased by RMB129.2 million, or 64.7%, from RMB199.6 million in 2019 to RMB328.8 million in 2020, and our gross profit margin increased from 43.3% in 2019 to 51.1% in 2020.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB4.7 million, or 9.8%, from RMB47.5 million in 2019 to RMB52.2 million in 2020. This increase resulted primarily from an increase of RMB7.1 million in employee benefits expenses (excluding share-based payment expenses) allocated to selling and distribution expenses, which in turn resulted primarily from an increase in the level of bonuses paid to sales and marketing staff. Because such bonuses are linked to our revenue, and our revenue in 2020 increased by 39.7% from that in 2019, the level of bonuses paid to sales and marketing staff was higher in 2020 than in 2019. The effect of this increase was substantially offset, however, by a decrease of RMB7.1 million in meeting fees attributed to selling and distribution expenses, which resulted primarily from better cost control.

Administrative Expenses

Our administrative expenses increased by RMB8.1 million, or 14.3%, from RMB56.9 million in 2019 to RMB65.0 million in 2020. This increase resulted primarily from an increase of RMB2.8 million in employee benefits expenses (excluding shared-based payment expenses). Service fees increased by RMB2.5 million, while office and travel expenses and depreciation of right-of-use assets increased by RMB1.3 million and RMB0.8 million, respectively.

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Other Income

Our other income decreased by RMB2.2 million, or 21.1%, from RMB10.3 million in 2019 to RMB8.1 million in 2020. This decrease was primarily attributable to a decrease in the amount of subsidies granted by the PRC government.

Other Net Gains/(Losses)

Under other net gains/(losses), we recorded a net gain of RMB3.6 million in 2019 and a net loss of RMB2.2 million in 2020. The net gain in 2019 resulted primarily from fair value gain on financial assets recorded at profit or loss, which represented primarily bank wealth management products used for short-term investment purposes. The net loss in 2020 resulted primarily from an exchange loss of RMB3.2 million, the effect of which was partially offset by fair value gain on financial assets recorded at profit or loss.

Operating Profit

As a result of the foregoing developments in gross profit and operating costs, our operating profit increased by RMB108.2 million, or 100.5%, from RMB107.7 million in 2019 to RMB216.0 million in 2020, and our operating profit margin increased from 23.4% in 2019 to 33.6% in 2020.

Net Finance (Costs)/Income

Our net finance income amounted to RMB3.7 million in 2019, as compared to net finance costs of RMB18.1 million in 2020. The development from 2019 to 2020 resulted from an increase of RMB18.9 million in net exchange loss, which was primarily attributable to the significant depreciation of the U.S. dollar against the RMB in 2020 and the impact of that depreciation on our U.S. dollar denominated cash and cash equivalents.

Share of (Loss)/Profit on Investment in Associates

Share of profit on investment in associates was approximately RMB6,000 in 2019, as compared to share of loss of investment in associates of approximately RMB14,000 in 2020.

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Income Tax Expense

Our income tax expense increased by RMB12.5 million, or 66.5%, from RMB18.7 million in 2019 to RMB31.2 million in 2020. This increase was primarily attributable to the increase in profit before income tax, the effect of which was partially offset by a modest decrease in expenses not deductible for tax purposes and a modest increase in super deduction for research and development expenses.

Profit for the Year

As a result of the foregoing, our profit for the year increased by RMB73.9 million, or 79.7%, from RMB92.7 million in 2019 to RMB166.6 million in 2020.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our revenue increased by RMB75.1 million, or 19.5%, from RMB385.4 million in 2018 to RMB460.5 million in 2019. An increase of RMB57.6 million, or 16.6%, in revenue from expert consultation services accounted for the substantial majority of the increase in our revenue between 2018 and 2019. This increase in revenue from expert consultation services, in turn, resulted from an increase in the total number of clients. Revenue from research services increased by RMB17.6 million, or 64.2%, between 2018 and 2019, primarily due to the development and optimization of the research team in the second half of 2018. Revenue from conference services remained essentially constant at RMB11.7 million in 2018 and RMB11.7 million in 2019.

Cost of Sales

Our cost of sales increased by RMB63.9 million, or 32.5%, from RMB197.0 million in 2018 to RMB260.9 million in 2019. This increase was primarily attributable to an increase of RMB36.5 million in the amount we paid to experts for expert consultation services. An increase of RMB24.9 million in employee benefits expenses (excluding shared-based payment expenses) due to the aforementioned increase in the headcount and salaries of our knowledge management team in 2019 also contributed significantly to the increase in cost of sales.

Gross Profit and Gross Profit Margin

As mentioned above, we expanded our knowledge management team by increasing its headcount and salaries in 2019 in anticipation of the growth of the market in 2020 and beyond. The resultant percentage increase in the cost of sales exceeded the percentage growth of revenue in

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2019. Therefore, while our gross profit increased by RMB11.2 million, or 5.9%, from RMB188.5 million in 2018 to RMB199.6 million in 2019, our gross profit margin decreased from 48.9% in 2018 to 43.3% in 2019.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB2.8 million, or 6.2%, from RMB44.7 million in 2018 to RMB47.5 million in 2019. This increase resulted primarily from an increase of RMB5.0 million in employee benefits expenses (excluding share-based payment expenses) allocated to selling and distribution expenses, which in turn resulted primarily from an increase in the level of bonuses paid to sales and marketing staff. The effect of this increase was substantially offset, however, by a decrease of RMB2.5 million in meeting expenses attributed to selling and distribution expenses, which resulted from cost control measures that we implemented starting in the second half of 2019.

Administrative Expenses

Our administrative expenses increased by RMB2.5 million, or 4.6%, from RMB54.4 million in 2018 to RMB56.9 million in 2019. This increase resulted primarily from an increase of RMB2.0 million in service fees and an increase of RMB0.4 million in depreciation of right-of-use assets, the effects of which were partially offset by a decrease of RMB0.3 million in office and travel expenses. Employee benefits expenses (excluding share-based payment expenses) decreased by RMB3.5 million, which resulted primarily from a decrease in the employee benefits expenses for the R&D team as many of the R&D projects were completed in 2018. The effect of the decrease in employee benefits expenses (excluding share-based payment expenses) was partially offset by an increase of RMB1.9 million in share-based payment expenses.

Other Income

Our other income increased by RMB6.2 million, or 150.0%, from RMB4.1 million in 2018 to RMB10.3 million in 2019. This increase resulted primarily from an increase of RMB5.7 million in subsidies received from the PRC government.

Other Net Gains/(Losses)

Under other net gains/(losses), net we recorded a net loss of RMB1.4 million in 2018 and a net gain of RMB3.6 million in 2019. The net loss in 2018 resulted from exchange loss of RMB2.8 million, which was due to the fluctuation in the exchange rate of the U.S. dollar against the RMB.

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The effect of the exchange loss in 2018 was partially offset by a gain of RMB1.4 million on financial assets at fair value through profit or loss. The net gain in 2019 was mainly attributable to a gain on financial assets at FVPL.

Operating Profit

As a result of the foregoing developments in gross profit and operating costs, our operating profit increased by RMB15.3 million, or 16.5%, from RMB92.5 million in 2018 to RMB107.7 million in 2019, while our operating profit margin decreased moderately from 24.0% in 2018 to 23.4% in 2019.

Net Finance (Costs)/Income

Our net finance income amounted to RMB5.5 million in 2018 and RMB3.7 million in 2019. In each year, exchange gain was the primary component of net finance income. The decrease in net finance income in 2019 was due to a decrease in net exchange gain and an increase in interest and finance charges paid/payable for lease liabilities and others.

Share of (Loss)/Profit on Investment in Associates

Share of loss on investment in associates amounted to approximately RMB92,000 in 2018, as compared to share of profit on investment in associates of approximately RMB6,000 in 2019.

Income Tax Expense

Our income tax expense increased by RMB5.4 million, or 40.5%, from RMB13.3 million in 2018 to RMB18.7 million in 2019. Income tax expense increased at a higher rate than profit before income tax primarily due to a timing difference of revenue recognition in 2019, resulting in a make up payment of RMB6.4 million of tax expense in 2019.

Profit for the Year

As a result of the foregoing, our profit for the year increased by RMB8.2 million, or 9.7%, from RMB84.5 million in 2018 to RMB92.7 million in 2019.

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DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED BALANCE SHEETS

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been derived from the Accountant’s Report set out in Appendix I.

	As of December 31,			As of
	2018	2019	2020	March 31, 2021
	<i>(RMB'000)</i>			
Current assets				
Trade receivables	114,791	146,284	172,710	252,177
Contract cost	1,193	1,172	774	370
Financial assets at fair value through profit or loss	46,973	27,366	—	—
Amounts due from related parties	586	88	97	130
Prepayments and other receivables . . .	1,657	4,726	8,830	8,809
Cash and cash equivalents	173,309	286,415	429,657	382,765
Current tax recoverable	—	3	155	145
Total current assets	338,509	466,054	612,223	644,396
Non-current assets				
Right-of-use assets	19,017	16,485	28,756	25,580
Property, plant and equipment	6,017	6,140	4,426	4,375
Intangible assets	1,182	838	550	483
Investments accounted for using the equity method	523	529	515	515
Deferred income tax assets	1,524	2,224	2,269	2,312
Prepayments and other non-current assets	3,188	1,926	4,477	4,898
Total non-current assets	31,451	28,142	40,993	38,163
Total assets	369,960	494,196	653,216	682,559
Current liabilities				
Trade payables	4,898	5,590	5,596	9,056
Accruals and other payables	33,698	58,937	83,321	38,437
Lease liabilities	9,765	11,512	11,467	11,225
Current tax liabilities	8,139	2,837	2,108	10,519
Contract liabilities	73,484	81,947	98,259	90,840
Amounts due to related companies . . .	500	—	—	—
Total current liabilities	130,484	160,823	200,751	160,077

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	As of December 31,			As of
	2018	2019	2020	March 31, 2021
	<i>(RMB'000)</i>			
Non-current liabilities				
Lease liabilities	9,543	5,318	17,403	14,596
Total non-current liabilities	9,543	5,318	17,403	14,596
Total liabilities	140,027	166,141	218,154	174,673
Shareholders' equity				
Share capital	50,000	50,000	50,000	50,000
Reserves	72,304	86,779	102,965	107,406
Retained earnings	105,697	189,909	280,004	347,494
Non-controlling interests	1,932	1,367	2,093	2,986
Total equity	229,933	328,055	435,062	507,886
Total equity and liabilities	369,960	494,196	653,216	682,559

Cash and Cash Equivalents

Our cash and cash equivalents increased substantially during the Track Record Period, from RMB173.3 million as of December 31, 2018 to RMB286.4 million as of December 31, 2019 and RMB429.7 million as of December 31, 2020. Our cash and cash equivalents decreased to RMB382.8 million as of March 31, 2021. The general growth trend in our cash and cash equivalents during the Track Record Period was attributable primarily to changes in the cash flows from operating activities. For further details, please refer to the paragraph headed “Liquidity and Capital Resources” in this section.

Trade Receivables

Trade receivables represent amounts due after the balance sheet date from clients for services rendered on or prior to the balance sheet date. Our trade receivables increased substantially during the Track Record Period, from RMB114.8 million as of December 31, 2018 to RMB146.3 million as of December 31, 2019, RMB172.7 million as of December 31, 2020 and RMB252.2 million as of March 31, 2021, broadly in line with the growth of our revenue.

The credit period granted to our clients is usually no more than 90 days. We assess the credit terms on a case-by-case basis taking into account the client’s creditworthiness, prior dealing history and additional client-specific information and the industry and economic environment where our clients operate. Trade receivables are written off where there is no reasonable expectation of recovery.

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The following table sets forth an aging analysis of our trade receivable as of the dates indicated based on the invoice date.

	As of December 31,			As of March
	2018	2019	2020	31, 2021
		<i>(RMB'000)</i>		
0-90 days	106,823	134,011	163,732	241,053
90-180 days	5,517	12,076	5,551	9,260
180-360 days	4,195	2,262	6,985	4,685
Over 360 days	183	786	447	1,616
Total	<u>116,717</u>	<u>149,135</u>	<u>176,715</u>	<u>256,614</u>

The following table sets forth the number of our trade receivable turnover days for the periods indicated.

	Year ended December 31,			Three months
	2018	2019	2020	ended March
				31, 2021
Trade receivable turnover days ⁽¹⁾	<u>103</u>	<u>103</u>	<u>91</u>	<u>92</u>

(1) Trade receivable turnover days were calculated based on the average of opening and closing balance of trade receivable for the relevant period, divided by the revenue for the same period, and multiplied by the number of days in that year/period (365 days for 2018 and 2019; 366 days in 2020; and 90 days for the three months ended March 31, 2021).

Our trade receivable turnover days decreased from 103 days in 2019 to 91 days in 2020, primarily because our ability to collect payments from our clients improved, despite the increase in total revenue over the same period.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss amounted to RMB47.0 million as of December 31, 2018, RMB27.4 million as of December 31, 2019, nil as of December 31, 2020 and nil as of March 31, 2021. These financial assets represent primarily bank wealth management products that we use for cash management purposes. As part of our treasury management, we invest in certain wealth management products to better utilize excess cash when our cash sufficiently covers our ordinary course of business. We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process of our investment activities. We adopt a prudent approach in selecting wealth management products. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, such as the duration of investment period and the expected returns. Our

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purchased wealth management products were of expected rates of return ranged from 0.70% to 4.90% per annum during the Track Record Period. To control our risk exposure, we have in the past sought, and may continue in the future to seek, low-risk wealth management products that provide better investment returns than demand deposits at commercial banks. Additionally, we mainly invest in wealth management products offered by state-owned or reputable financial institutions in China. We determine the risk level of the wealth management products with reference to the risk classifications provided by the relevant banks or issuers. We manage and evaluate the performance of these investments on a fair value basis in accordance with our risk management and investment strategy. Therefore, these investments in wealth management products were designated as financial assets at fair value through profit or loss. For further details on risks relating to wealth management products, please refer to the paragraph headed “Risk Factors — Risks Relating to our Business and Industry — We are exposed to risks in connection with the wealth management products we purchased” in this document. For further details on our purchases and sales of such financial assets at fair value through profit or loss, please refer to the paragraph headed “Liquidity and Capital Resources — Cash Flows — Net Cash Generated From/Used in Investing Activities” and Note 20 to the Accountant’s Report set forth in Appendix I to this document.

Right-of-Use Assets

Our right-of-use assets primarily relate to leases for offices, with lease terms more than one year. For information concerning our right-of-use assets, please refer to Note 14(a) to the Accountant’s Report set forth in Appendix I to this document.

Accruals and Other Payables

Our accruals and other payables consist primarily of payroll liabilities, which represent employee benefits expenses (excluding share-based payment expenses) accrued but not yet due as of the balance sheet date, and other taxes payable, which represent taxes accrued but not yet due as of the balance sheet date. As of December 31, 2018, 2019 and 2020 and as of March 31, 2021, these items accounted for 86.1%, 92.6%, 91.9% and 91.7%, respectively, of our total accruals and other payables. For further information concerning our accruals and other payables, please refer to Note 27 to the Accountant’s Report set forth in Appendix I to this document.

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The following table sets forth a breakdown of our accruals and other payables as of December 31, 2018, 2019 and 2020 and as of March 31, 2021.

	As of December 31,						As of March 31,	
	2018		2019		2020		2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	<i>(RMB'000, except in percentages)</i>							
Payroll liabilities	17,767	52.7%	20,362	34.5%	32,857	39.4%	21,752	56.6%
Other taxes payable	11,232	33.3%	34,239	58.1%	43,731	52.5%	13,503	35.1%
Accrued expenses.	2,148	6.4%	2,930	5.0%	4,848	5.8%	2,313	6.0%
Withhold housing funds, medical insurances and other social insurances	591	1.8%	517	0.9%	665	0.8%	685	1.8%
Reimbursement payables	1,357	4.0%	379	0.6%	355	0.4%	149	0.4%
Others.	603	1.8%	510	0.9%	865	1.0%	35	0.1%
Total	33,698	100.0%	58,937	100.0%	83,321	100.0%	38,437	100.0%

Contract Liabilities

Our contract liabilities represent prepayments received from clients before services were rendered by us under certain contracts. The amount of contract liabilities under such contracts reduced according to the corresponding services rendered. During the Track Record Period, the majority of the contract liabilities incurred were discharged within six months, as we rendered our services under such contracts within six months of receiving their prepayments.

Contract liabilities increased by 11.5% from RMB73.5 million as of December 31, 2018 to RMB81.9 million as of December 31, 2019, and further increased by 19.9% to RMB98.3 million as of December 31, 2020, primarily due to an increase in prepayments from clients as a result of higher demands for our services. Contract liabilities decreased by 7.6% from RMB98.3 million as of December 31, 2020 to RMB90.8 million as of March 31, 2021, primarily because the frequency of the demand of our services increased. For information concerning our contract liabilities, please refer to Note 5(i) to the Accountant’s Report set forth in Appendix I to this document.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our management monitors and maintains a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations. We did not have any borrowings during the Track Record Period and as of June 30, 2021, being the latest practicable date of our indebtedness statement. During the Track Record Period, we have relied on cash flow generated from operations as our major source of liquidity. Our primary liquidity requirements are to fund expert costs and employee benefits expenses. Going forward, we expect these requirements will continue to be our primary liquidity requirements, and the liquidity requirements will be satisfied by using funds from a combination of internally generated cash and net [REDACTED] from the [REDACTED].

Cash Flows

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

	Year ended December 31,			Three months ended March 31,	
	2018	2019	2020	2020	2021
				<i>(unaudited)</i>	
			<i>(RMB'000)</i>		
Net cash generated from (used in)					
operating activities	97,794	100,605	220,695	(4,686)	(45,935)
Net cash (used in)/generated from					
investing activities.	(47,938)	19,324	22,318	26,828	(67)
Net cash used in financing activities .	(6,492)	(9,698)	(80,861)	(3,325)	(3,366)
Exchange gains/(losses) on cash and					
cash equivalents	5,257	2,875	(18,910)	3,512	2,476
Cash and cash equivalents at					
beginning of the year/period.	124,688	173,309	286,415	286,415	429,657
Net increase/(decrease) in cash and					
cash equivalents	43,364	110,231	162,152	18,817	(49,368)
Cash and cash equivalents at end of					
the year/period	<u>173,309</u>	<u>286,415</u>	<u>429,657</u>	<u>308,744</u>	<u>382,765</u>

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Net Cash Generated From/Used in Operating Activities

For the three months ended March 31, 2021, our net cash used in operating activities was RMB45.9 million, which was primarily attributable to profit before income tax of RMB79.4 million, as adjusted by: (i) non-cash items, which primarily consisted of depreciation and amortization in the amount of RMB3.7 million, share-based payment in the amount of RMB4.5 million and foreign exchange gain in the amount of RMB2.5 million; and (ii) changes in working capital, which primarily resulted from an increase in trade receivables of RMB80.0 million, a decrease in accruals and other payables of RMB46.2 million and a decrease in contract liabilities of RMB7.4 million; and (iii) taxes paid of RMB1.3 million.

For the three months ended March 31, 2020, our net cash used in operating activities was RMB4.7 million, which was primarily attributable to profit before income tax of RMB53.6 million, as adjusted by: (i) non-cash items, which primarily consisted of depreciation and amortization in the amount of RMB4.0 million and foreign exchange gain in the amount of RMB3.5 million; and (ii) changes in working capital, which primarily resulted from an increase in trade receivables of RMB48.3 million and a decrease in contract liabilities of RMB9.0 million; and (iii) taxes paid of RMB1.8 million.

For the year ended December 31, 2020, our net cash generated from operating activities was RMB220.7 million, which was primarily attributable to profit before income tax of RMB197.8 million, as adjusted by: (i) non-cash items, which primarily consisted of depreciation and amortization in the amount of RMB15.5 million, share-based payment in the amount of RMB10.4 million and foreign exchange loss in the amount of RMB18.9 million; (ii) changes in working capital, which primarily resulted from an increase in trade receivables in the amount of RMB28.1 million, which was more than offset by an increase in accruals and other payables of RMB22.7 million and an increase in contract liabilities of RMB16.3 million; and (iii) taxes paid of RMB32.0 million.

For the year ended December 31, 2019, our net cash generated from operating activities was RMB100.6 million, which was primarily attributable to profit before income tax of RMB111.4 million, as adjusted by: (i) non-cash items, which primarily consisted of depreciation and amortization of RMB13.3 million and share-based payment in the amount of RMB4.0 million, partially offset by a gain on financial assets at fair value through profit or loss in the amount of RMB3.2 million and foreign exchange gain in the amount of RMB2.9 million; (ii) changes in working capital, which primarily resulted from an increase in accruals and other payables of RMB25.4 million and an increase in contract liabilities of RMB8.5 million, largely offset by an increase in trade receivables of RMB32.3 million; and (iii) taxes paid of RMB24.7 million.

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For the year ended December 31, 2018, our net cash generated from operating activities was RMB97.8 million, which was primarily attributable to profit before income tax of RMB97.8 million, as adjusted by: (i) non-cash items, which primarily consisted of depreciation and amortization of RMB11.7 million and foreign exchange gain of RMB5.3 million; (ii) changes in working capital, which primarily resulted from an increase in contract liabilities of RMB16.4 million and a decrease in prepayments and other receivables of RMB8.7 million, partially offset by a decrease in accruals and other payables of RMB10.7 million and an increase in trade receivables of RMB11.6 million; and (iii) taxes paid of RMB7.3 million.

Net Cash Generated From/Used in Investing Activities

For the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021, our net cash generated from/used in investing activities primarily represented the difference between cash used to purchase financial assets at fair value through profit or loss and proceeds of sale of such assets. For further information concerning our assets at fair value through profit or loss, please refer to Note 20 to the Accountant’s Report set forth in Appendix I to this document. For the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021, our net cash flows from investing activities were net cash used of RMB47.9 million, net cash generated of RMB19.3 million, net cash generated of RMB22.3 million, net cash generated of RMB26.8 million and net cash used of RMB67,000, respectively.

Net Cash Used In Financing Activities

For the three months ended March 31, 2020 and 2021, our net cash used in financing activities amounted to RMB3.3 million and RMB3.4 million, respectively, all of which represent and repayment of lease liabilities. In 2020, our net cash used in financing activities was RMB80.9 million, which reflected a dividend payment of RMB60.0 million, repayments of lease liabilities in the amount of RMB13.0 million and consideration paid for a business combination under common control of RMB7.8 million. In 2019, our net cash used in financing activities was RMB9.7 million, which reflected repayment of lease liabilities in the amount of RMB11.1 million and a capital injection from a business combination under common control in the amount of RMB1.4 million. In 2018, our net cash used in financing activities was RMB6.5 million, which reflected repayment of lease liabilities in the amount of RMB9.0 million, partially offset by a capital injection from non-controlling interests of RMB2.5 million.

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Working Capital

The following table sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of March 31,	As of June 30,
	2018	2019	2020	2021	2021
					<i>(unaudited)</i>
			<i>(RMB'000)</i>		
Current Assets					
Trade receivables	114,791	146,284	172,710	252,177	224,786
Contract cost	1,193	1,172	774	370	546
Financial assets at fair value					
through profit or loss	46,973	27,366	—	—	—
Amounts due from related					
parties	586	88	97	130	136
Prepayments, other					
receivables	1,657	4,726	8,830	8,809	4,735
Cash and cash equivalents . .	173,309	286,415	429,657	382,765	477,394
Current tax recoverable	—	3	155	145	2
Total current assets.	338,509	466,054	612,223	644,396	707,599
Current Liabilities					
Trade payables	4,898	5,590	5,596	9,056	8,149
Accruals and other payables .	33,698	58,937	83,321	38,437	41,733
Lease liabilities	9,765	11,512	11,467	11,225	11,132
Current tax liabilities	8,139	2,837	2,108	10,519	9,655
Contract liabilities	73,484	81,947	98,259	90,840	91,565
Amounts due to related					
companies.	500	—	—	—	—
Total current liabilities	130,484	160,823	200,751	160,077	162,234
Net Current Assets	208,025	305,231	411,472	484,319	545,365

Our net current assets increased from RMB208.0 million as of December 31, 2018 to RMB545.4 million as of June 30, 2021, primarily due to an increase of RMB304.1 million in cash and cash equivalents and an increase of RMB110.0 million in trade and accounts receivables.

We had net current assets of RMB484.3 million as of March 31, 2021, as compared to net current assets of RMB411.5 million as of December 31, 2020, RMB305.2 million as of December 31, 2019 and RMB208.0 million as of December 31, 2018. The changes in our net current assets

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during the Track Record Period were primarily due to the increase in our cash and cash equivalents, as discussed above in the section headed “Financial Information — Discussion of Certain Selected Items from the Consolidated Balance Sheets — Cash and Cash Equivalents”.

We intend to continue to finance our working capital with cash generated from our operations, net [REDACTED] from the [REDACTED] and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Working capital confirmation

Taking into account the financial resources available to us, including internal resources and the net [REDACTED] we expect to receive from the [REDACTED], our Directors believe that our Group will have sufficient working capital for its present requirements covering at least 12 months from the date of this document.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

During the Track Record Period, our principal capital expenditures related primarily to purchase of electronic equipment, furniture, leasehold improvements and software.

The following table sets forth a breakdown of our historical capital expenditures for the periods indicated.

	Year ended December 31,			Three months ended March 31,	
	2018	2019	2020	2020	2021
				<i>(unaudited)</i>	
			<i>(RMB'000)</i>		
Electronic equipment	748	1,011	1,268	—	14
Furniture	443	615	—	—	28
Leasehold improvement	400	1,080	168	74	403
Software	617	—	—	—	—
Total	2,208	2,706	1,436	74	445

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INDEBTEDNESS

Our indebtedness during the Track Record Period and as of June 30, 2021 consisted primarily of lease liabilities. The following table sets forth our lease liabilities as of the dates indicated.

	As of December 31,			As of March 31,	As of June 30,
	2018	2019	2020	2021	2021
					<i>(unaudited)</i>
			<i>(RMB'000)</i>		
Lease liabilities, current	9,765	11,512	11,467	11,225	11,132
Lease liabilities, non-current	9,543	5,318	17,403	14,596	11,883
Total	19,308	16,830	28,870	25,821	23,015

Our lease liabilities primarily represent leases for offices, with lease terms ranging from 12 to 36 months. For information concerning our lease liabilities, please refer to Note 14(b) to the Accountant’s Report set forth in Appendix I to this document.

We did not have any bank loan or other borrowing, or any loan capital issued and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities as of June 30, 2021. Our Directors confirm that there has not been any material change in our indebtedness since June 30, 2021.

CONTINGENT LIABILITIES

As of December 31, 2018, 2019 and 2020 and as of March 31, 2021, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we entered into a number of related party transactions, primarily including (i) provision to and purchase of consultation services from related parties with an aggregate value of

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RMB0.8 million and RMB0.7 million, respectively, (ii) repayment to related parties with an aggregate value of RMB5.1 million, (iii) capital injection and loan to related parties with an aggregate value of RMB500,000 and RMB10,000, respectively, and (iv) purchase of a subsidiary from related parties with an aggregate value of RMB9.5 million. For more details about our related party transactions, please refer to Note 31 to the Accountant’s Report in Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm’s length basis, and they did not distort our results of operation or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,			As of/for the three months ended
				March 31,
	2018	2019	2020	2021
Total revenue growth (%)	30.7	19.5	39.7	53.1
Gross margin ⁽¹⁾ (%)	48.9	43.3	51.1	54.6
Net margin ⁽²⁾ (%)	21.9	20.1	25.9	32.1
Return on equity ⁽³⁾ (%)	45.1	33.4	43.9	14.6
Return on total assets ⁽⁴⁾ (%)	27.3	21.5	29.0	10.2
Debt to asset ratio ⁽⁵⁾ (%)	37.8	33.6	33.4	25.6
Current ratio ⁽⁶⁾	2.6	2.9	3.0	4.0

- (1) The calculation of gross margin is based on gross profit for the period divided by revenue for the respective period and multiplied by 100.0%.
- (2) The calculation of net margin is based on profit for the period divided by revenue for the respective period and multiplied by 100.0%.
- (3) The calculation of return on equity is based on profit for the period divided by average total equity attributable to equity holders of our Company as of the beginning and end of the period and multiplied by 100.0%.
- (4) The calculation of return on total assets is based on profit for the period divided by average total assets as of the beginning and end of the period and multiplied by 100.0%.
- (5) The calculation of debt to asset ratio is based on total liabilities divided by total assets for the respective period and multiplied by 100.0%.
- (6) The calculation of current ratio is based on current assets divided by current liabilities as of period end.

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Analysis of Key Financial Ratios

Total Revenue Growth, Gross Margin and Net Margin

Please refer to the paragraph headed “Period-to-Period Comparison of Results of Operations” in this section for a discussion of the factors affecting our total revenue growth, gross margin and net margin during the Track Record Period.

Return on Equity and Return on Total Assets

Our return on equity decreased from 45.1% for 2018 to 33.4% for 2019, primarily due to a substantial increase in share capital. Our return on equity increased from 33.4% for 2019 to 43.9% for 2020, primarily because a significant increase in profit in 2020.

Our return on total assets decreased from 27.3% for 2018 to 21.5% for 2019, primarily due to a substantial increase in cash, which was a major component of our assets. Our return on total assets increased from 21.5% for 2019 to 29.0% for 2020, primarily because of a significant increase in revenue and profit.

Debt to Asset Ratio

Our debt to asset ratio decreased from 37.8% as of December 31, 2018 to 33.6% as of December 31, 2019, and further decreased from 33.4% as of December 31, 2020 to 25.6% as of March 31, 2021, primarily due to a year-on-year growth in cash and cash equivalents and retained earnings resulting from increased revenue and profit, which constituted a major component of our total assets, while there had not been a substantial increase in our total liabilities.

Current ratio

Our current ratio increased from 2.6 as of December 31, 2018 to 2.9 as of December 31, 2019, primarily due to an increase in cash and cash equivalents, and further increased to 3.0 as of December 31, 2020 and 4.0 as of March 31, 2021, primarily due to a significant increase in revenue and thus trade receivables and cash and cash equivalents.

FINANCIAL RISK DISCLOSURE

Our activities expose us to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and capital risk. For quantitative information concerning our management of these risks, please refer to Note 3, “Financial Risk Management,” in the Accountant’s Report set forth in Appendix I to this document.

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Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our management. We currently do not use any derivative financial instruments to hedge certain risk exposure.

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not our functional currency (i.e., other than RMB).

We operate mainly in the PRC with most of our transactions settled in RMB. We are exposed to foreign currency risks with respect to foreign currency denominated financial assets as of December 31, 2018, 2019 and 2020 and March 31, 2021. We do not hedge against any fluctuation in foreign currency. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Our exposure to foreign exchange risk mainly arises from commercial transactions and recognized assets and liabilities including cash and cash equivalents, trade receivables and trade and other payables denominated in U.S. dollar. As of December 31, 2018, 2019 and 2020 and March 31, 2021, if RMB had strengthened/weakened by 5% against U.S. dollar with all other variables held constant, the pre-tax profit for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021 would have been approximately RMB8,020,000, RMB13,856,000, RMB18,463,000 and RMB18,823,000 lower/higher, respectively.

Credit Risk

Credit risk mainly arises from cash and cash equivalents, financial assets at fair value through profit or losses, trade receivables, other receivables, and amounts due from related parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

We have four types of financial assets that are subject to the expected credit loss assessment, which are cash and cash equivalents, trade receivables, other receivables and amounts due from related parties.

We expect that there is no significant credit risk associated with cash and cash equivalents and wealth management products since they are deposited at state-owned banks or reputable commercial banks which are high-credit-quality financial institutions. Our management does not expect that there will be any significant losses from non-performance by these counterparties.

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Our trade receivables are mainly amounts due from clients for services provided in the ordinary course of business.

Our management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. We assess the credit risk by considering the probability of default with supportive indicators taken into consideration.

While cash and cash equivalents are subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial. We apply the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the clients to settle the receivables. We have identified the Gross Domestic Product (GDP) to be the most relevant factor, and accordingly adjusted the historical loss rates based on expected changes in these factors.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents for our business development and expansion. Due to the dynamic nature of the underlying businesses, we monitor our liquidity risk and ensure that we maintain adequate cash and cash equivalents to meet our liquidity requirements.

Capital Risk

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, we may issue new shares or sell assets to reduce debt.

We monitor capital (including share capital and other reserves on an as-if-converted basis) by reviewing the capital structure. As a part of this review, we consider the cost of capital and the risks associated with the issued share capital. The debt to asset ratio is used as the basis of the capital monitoring. This ratio is calculated as total liabilities divided by total assets. As of December 31, 2018, 2019 and 2020 and March 31, 2021, our debt to asset ratios were lower than 40%. Accordingly, in the opinion of our Directors, our capital risk is low.

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DIVIDEND

Other than a dividend in the amount of RMB60.0 million that was paid to shareholders in 2020, we did not pay or declare any dividend during the Track Record Period. The determination to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow status, business conditions and strategies, future operations and earnings, capital and investment requirements, level of indebtedness, and other factors that our Directors deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in the Shareholders' meeting.

DISTRIBUTABLE RESERVES

As of March 31, 2021, the total amount of our distributable reserves, being our retained earnings attributable to the owners of our Company, was RMB347.5 million.

[REDACTED] EXPENSES

We expect to incur a total of approximately RMB[REDACTED] million of [REDACTED] expenses (including professional fees, [REDACTED] and other fees and based on the mid-point of the indicative [REDACTED] range), representing [REDACTED]% of the gross [REDACTED] of the [REDACTED] (assuming the [REDACTED] is not exercised and the [REDACTED] is fixed at the mid-point of the indicative [REDACTED] range), of which approximately RMB[REDACTED] million is expected to be charged to profit or loss and approximately RMB[REDACTED] million is expected to be capitalized upon [REDACTED]. During the Track Record Period, we did not incur any [REDACTED] expenses.

In view of the above, [REDACTED] should note that the financial results of our Group for 2021 will be adversely affected by the non-recurring expenses in relation to the [REDACTED]. Our Directors would like to emphasize that the expenses in relation to the [REDACTED] are a current estimate for reference only, and the amounts to be charged to the profit or loss and the amounts to be capitalized are subject to adjustment due to changes in estimates and assumptions.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited [REDACTED] adjusted net tangible assets has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the [REDACTED] on the consolidated net tangible assets attributable to the owners of our Company as of March 31, 2021 as if the [REDACTED] had taken place on that day.

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Our audited [REDACTED] adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group had the [REDACTED] been completed as of March 31, 2021 or any future date.

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as of March 31, 2021 <i>(Note 1)</i>	Estimated net [REDACTED] from the [REDACTED] <i>(Note 2)</i>	Unaudited [REDACTED] adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of March 31, 2021	Unaudited [REDACTED] adjusted consolidated net tangible assets per [REDACTED] <i>(Note 3)</i>	<i>(Note 4)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>	<i>HK\$</i>
[REDACTED]	504,417	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	504,417	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The audited consolidated net tangible assets of our Group attributable to the owners of our Company as of March 31, 2021 is extracted from the Accountant’s Report set out in Appendix I to this document, which is based on the audited consolidated net assets of our Group attributable to the owners of our Company as of March 31, 2021 of RMB504,900,000 with an adjustment for the intangible assets attributable to the owners of our Company as of March 31, 2021 of RMB483,000.
- (2) The estimated net [REDACTED] from the [REDACTED] are based on the indicative [REDACTED] of HKD[REDACTED] and HKD[REDACTED] per [REDACTED], being the low end to high end of the indicative [REDACTED] range, respectively, after deduction of the [REDACTED] fees and other related expenses payable by our Company and takes no account of any [REDACTED] which may be issued upon the exercise of the [REDACTED] and any Shares which may be allotted and issued or repurchased by our Company.
- (3) The unaudited [REDACTED] consolidated net tangible assets per [REDACTED] is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] [REDACTED] were in issue assuming that the [REDACTED] has been completed on March 31, 2021 but takes no account of any [REDACTED] which may fall to be issued upon the exercise of the [REDACTED] and any Shares which may be allotted and issued or repurchased by our Company.
- (4) For the purpose of this unaudited [REDACTED] adjusted consolidated net tangible assets per [REDACTED], the amounts stated in Renminbi are converted into Hong Kong dollars at the rate of RMB1 to HK\$1.2029. No representation is made that Renminbi has been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to March 31, 2021.

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NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since March 31, 2021 (being the date on which our latest consolidated financial information was prepared), and there has been no event since March 31, 2021 which would materially affect the information shown in our consolidated financial statements included in the Accountant's Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were 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]

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANT’S REPORT

The following is the text of a report set out on pages I-1 to I-3, received from the Company’s reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[To insert firm’s letter head]

[Draft]

ACCOUNTANT’S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CAPVISION PARTNERS (SHANGHAI) CORPORATION LIMITED, CITIGROUP GLOBAL MARKETS ASIA LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Capvision Partners (Shanghai) Corporation Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-100, which comprises the consolidated statements of financial position as at 31 December 2018, 2019 and 2020 and 31 March 2021, the company statements of financial position as at 31 December 2018, 2019 and 2020 and 31 March 2021, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2018, 2019 and 2020 and the three months ended 31 March 2021 (the “**Track Record Period**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-100 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “**Document**”) in connection with the [REDACTED] of shares of the Company on the [REDACTED] of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the presentation and preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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Reporting accountant’s responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant’s judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant’s report, a true and fair view of the financial position of the Company as at 31 December 2018, 2019 and 2020 and 31 March 2021, and the consolidated financial position of the Group as at 31 December 2018, 2019 and 2020 and 31 March 2021 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended 31 March 2020 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative

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Financial Information in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 24 to the Historical Financial Information which contains information about the dividends paid by Capvision Partners (Shanghai) Corporation Limited in respect of the Track Record Period.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

[Date]

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ACCOUNTANT’S REPORT

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant’s report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers ZhongTian LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all amounts are rounded to the nearest thousand yuan (RMB’000) except when otherwise indicated.

Consolidated Statements of Comprehensive Income

	Note	Year ended 31 December			Three months ended 31 March	
		2018	2019	2020	2020	2021
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
					(Unaudited)	
Revenue	5	385,428	460,548	643,479	138,964	212,783
Cost of sales	6	(196,977)	(260,924)	(314,699)	(66,128)	(96,633)
Gross profit		188,451	199,624	328,780	72,836	116,150
Selling and distribution expenses . . .	6	(44,728)	(47,503)	(52,170)	(9,112)	(18,880)
Administrative expenses	6	(54,365)	(56,852)	(64,956)	(13,615)	(15,850)
Net impairment gains/losses on						
financial assets	3.1(b)	357	(1,274)	(1,673)	(704)	(412)
Impairment on goodwill	16	—	(140)	—	—	—
Other income	8	4,122	10,303	8,126	425	629
Other (losses)/gains — net.	9	(1,386)	3,557	(2,153)	(264)	(4,438)
Operating profit		92,451	107,715	215,954	49,566	77,199
Finance income	10	5,650	4,463	1,466	4,244	2,530
Finance costs	10	(165)	(758)	(19,609)	(175)	(317)
Finance income/(costs) — net.		5,485	3,705	(18,143)	4,069	2,213
Share of (loss)/profit of investment						
in associates	13	(92)	6	(14)	(8)	—

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ACCOUNTANT’S REPORT

	Note	Year ended 31 December			Three months ended 31 March	
		2018	2019	2020	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Profit before income tax		97,844	111,426	197,797	53,627	79,412
Income tax expense	II	(13,333)	(18,737)	(31,194)	(7,050)	(11,053)
Profit for the year/period		<u>84,511</u>	<u>92,689</u>	<u>166,603</u>	<u>46,577</u>	<u>68,359</u>
Profit for the year/period attributable to						
— Owners of the Company		85,079	93,673	165,490	46,522	67,490
— Non-controlling interests		(568)	(984)	1,113	55	869
Other comprehensive income, net of tax						
Item that may be reclassified to profit or loss:						
Currency translation difference		6	(9)	(333)	(661)	(11)
Other comprehensive income for the year/period, net of tax		6	(9)	(333)	(661)	(11)
Total comprehensive income for the year/period, net of tax		<u>84,517</u>	<u>92,680</u>	<u>166,270</u>	<u>45,916</u>	<u>68,348</u>
Total comprehensive income for the year/period attributable to:						
— Owners of the Company		85,085	93,669	165,355	46,059	67,455
— Non-controlling interests		(568)	(989)	915	(143)	893
Earnings per share attributable to the owners of the Company						
Basic and diluted earnings per share (in RMB per share)	12	<u>1.70</u>	<u>1.87</u>	<u>3.31</u>	<u>0.93</u>	<u>1.35</u>

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Consolidated Balance Sheets

	<i>Note</i>	As at 31 December			As at
		2018	2019	2020	31 March
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2021
				<i>RMB'000</i>	
ASSETS					
Non-current assets					
Right-of-use assets	14	19,017	16,485	28,756	25,580
Property, plant and equipment.	15	6,017	6,140	4,426	4,375
Intangible assets	16	1,182	838	550	483
Investments accounted for using the equity method	13	523	529	515	515
Deferred income tax assets.	28	1,524	2,224	2,269	2,312
Prepayments and other non-current assets.	18	3,188	1,926	4,477	4,898
Total non-current assets.		31,451	28,142	40,993	38,163
Current assets					
Trade receivables	19	114,791	146,284	172,710	252,177
Contract cost	5(iv)	1,193	1,172	774	370
Financial assets at fair value through profit or loss	20	46,973	27,366	—	—
Amounts due from related parties	31(c)	586	88	97	130
Prepayments, other receivables	18	1,657	4,726	8,830	8,809
Cash and cash equivalents	21	173,309	286,415	429,657	382,765
Current tax recoverable		—	3	155	145
Total current assets		338,509	466,054	612,223	644,396
Total assets		369,960	494,196	653,216	682,559
EQUITY AND LIABILITIES					
Equity attribute to owners of the Company					
Share capital	22	50,000	50,000	50,000	50,000
Reserves	23	72,304	86,779	102,965	107,406
Retained earnings		105,697	189,909	280,004	347,494
Non-controlling interests		1,932	1,367	2,093	2,986
Total equity.		229,933	328,055	435,062	507,886

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ACCOUNTANT’S REPORT

	<i>Note</i>	As at 31 December			As at
		2018	2019	2020	31 March
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2021
					<i>RMB'000</i>
Liabilities					
Non-current liabilities					
Lease liabilities	14	9,543	5,318	17,403	14,596
Total non-current liabilities		9,543	5,318	17,403	14,596
Current liabilities					
Trade payables	26	4,898	5,590	5,596	9,056
Accruals and other payables	27	33,698	58,937	83,321	38,437
Lease liabilities	14	9,765	11,512	11,467	11,225
Current tax liabilities.		8,139	2,837	2,108	10,519
Contract liabilities.	5(i)	73,484	81,947	98,259	90,840
Amounts due to related companies . . .	31(c)	500	—	—	—
Total current liabilities		130,484	160,823	200,751	160,077
Total liabilities		140,027	166,141	218,154	174,673
Total equity and liabilities		369,960	494,196	653,216	682,559

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The Company Balance Sheets

	<i>Note</i>	As at 31 December			As at
		2018	2019	2020	31 March
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2021
				<i>RMB’000</i>	
ASSETS					
Non-current assets					
Right-of-use assets	14	19,017	16,485	28,756	25,580
Property, plant and equipment.	15	5,967	6,047	4,372	4,321
Intangible assets	16	1,182	838	550	483
Investment in subsidiaries	32	7,150	7,160	2,060	2,060
Investments accounted for using the equity method	13	523	529	515	515
Deferred income tax assets.	28	670	1,400	1,754	1,675
Prepayments and other non-current assets	18	3,012	1,605	4,295	4,834
Total non-current assets		37,521	34,064	42,302	39,468
Current assets					
Trade receivables	19	114,791	145,812	169,314	249,685
Contract cost	5(iv)	1,193	1,172	774	370
Financial assets at fair value through profit or loss	20	40,613	25,279	—	—
Amounts due from related parties	31(c)	32,959	35,157	39,732	41,896
Prepayments and other receivables . . .	18	1,106	4,640	8,769	8,677
Cash and cash equivalents	21	167,995	272,306	409,472	361,806
Total current assets		358,657	484,366	628,061	662,434
Total assets		396,178	518,430	670,363	701,902
EQUITY AND LIABILITIES					
Equity attribute to owners of the Company					
Share capital	22	50,000	50,000	50,000	50,000
Reserves	23	72,298	85,760	103,098	107,574
Retained earnings		114,565	199,106	286,610	351,652
Total equity		236,863	334,866	439,708	509,226

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	<i>Note</i>	As at 31 December			As at
		2018	2019	2020	31 March
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2021
				<i>RMB’000</i>	
Liabilities					
Non-current liabilities					
Lease liabilities	<i>14</i>	9,543	5,318	17,403	14,596
Total non-current liabilities		9,543	5,318	17,403	14,596
Current liabilities					
Trade payables	<i>26</i>	4,781	5,829	6,401	10,101
Accruals and other payables	<i>27</i>	33,085	58,472	81,395	35,782
Lease liabilities	<i>14</i>	9,765	11,512	11,467	11,225
Current tax liabilities		8,139	2,619	1,729	10,301
Contract liabilities	<i>5(i)</i>	73,484	79,169	94,304	90,840
Amounts due to related parties	<i>31(c)</i>	20,518	20,645	17,956	19,831
Total current liabilities		149,772	178,246	213,252	178,080
Total liabilities		159,315	183,564	230,655	192,676
Total equity and liabilities		396,178	518,430	670,363	701,902

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Consolidated Statements of Changes in Equity

		Attributable to equity holders of the Company					Non-	Total
		Paid-in	Share	Reserves	Retained	Total	controlling	Equity
		capital	capital		earnings		interests	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2018	<i>Note</i>	11,340	—	29,529	101,379	142,248	—	142,248
Comprehensive income:								
Profit/(loss) for the year		—	—	—	85,079	85,079	(568)	84,511
Other comprehensive income:								
Currency translation differences		—	—	6	—	6	—	6
Transactions with equity holders of the Company:								
Conversion into a joint stock company with limited liability		(11,340)	50,000	33,457	(72,117)	—	—	—
Capital injection by non-controlling interests		—	—	—	—	—	2,500	2,500
Appropriation to statutory reserves		—	—	8,644	(8,644)	—	—	—
Share-based payment	25	—	—	668	—	668	—	668
		(11,340)	50,000	42,769	(80,761)	668	2,500	3,168
Balance at 31 December 2018		—	50,000	72,304	105,697	228,001	1,932	229,933

		Attributable to equity holders of the Company					Non-	Total
		Share capital	Reserves	Retained	Total	controlling	Equity	
				earnings		interests		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2019	<i>Note</i>	50,000	72,304	105,697	228,001	1,932	229,933	
Comprehensive income:								
Profit/(loss) for the year		—	—	93,673	93,673	(984)	92,689	
Other comprehensive loss:								
Currency translation differences		—	(4)	—	(4)	(5)	(9)	
Transactions with equity holders of the Company:								
Adjustment for business combination under common control	32	—	1,017	—	1,017	424	1,441	
Appropriation to statutory reserves		—	9,461	(9,461)	—	—	—	
Share-based payment	25	—	4,001	—	4,001	—	4,001	
		—	14,479	(9,461)	5,018	424	5,442	
Balance at 31 December 2019		50,000	86,779	189,909	326,688	1,367	328,055	

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		Attributable to equity holders of the Company				Non-	
		Share capital	Reserves	Retained earnings	Total	controlling interests	Total Equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note						
Balance at 1 January 2020		50,000	86,779	189,909	326,688	1,367	328,055
Comprehensive income:							
Profit for the year.		—	—	165,490	165,490	1,113	166,603
Other comprehensive loss:							
Currency translation differences		—	(135)	—	(135)	(198)	(333)
Transactions with equity holders of the Company:							
Consideration paid for business combination under common control		—	(1,017)	(8,500)	(9,517)	—	(9,517)
Dividend distribution	24	—	—	(60,000)	(60,000)	—	(60,000)
Appropriation to statutory reserves.		—	6,895	(6,895)	—	—	—
Share-based payment	25	—	10,443	—	10,443	—	10,443
Loss on deregistration of a subsidiary.		—	—	—	—	(189)	(189)
		—	16,321	(75,395)	(59,074)	(189)	(59,263)
Balance at 31 December 2020.		50,000	102,965	280,004	432,969	2,093	435,062

		Attributable to equity holders of the Company				Non-	
		Share capital	Reserves	Retained earnings	Total	controlling interests	Total Equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note						
Balance at 1 January 2021		50,000	102,965	280,004	432,969	2,093	435,062
Comprehensive income:							
Profit for the period		—	—	67,490	67,490	869	68,359
Other comprehensive (loss)/income:							
Currency translation differences		—	(35)	—	(35)	24	(11)
Transactions with equity holders of the Company:							
Share-based payment	25	—	4,476	—	4,476	—	4,476
Balance at 31 March 2021		50,000	107,406	347,494	504,900	2,986	507,886

		Attributable to equity holders of the Company				Non-	
		Share capital	Reserves	Retained earnings	Total	controlling interests	Total Equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note						
(Unaudited) Balance at 1 January 2020		50,000	86,779	189,909	326,688	1,367	328,055
Comprehensive income:							
Profit for the period		—	—	46,522	46,522	55	46,577
Other comprehensive loss:							
Currency translation differences		—	(463)	—	(463)	(198)	(661)
Balance at 31 March 2020		50,000	86,316	236,431	372,747	1,224	373,971

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ACCOUNTANT’S REPORT

Consolidated Statements of Cash Flows

	Note	Year ended 31 December			Three months ended 31 March	
		2018	2019	2020	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)						
Cash flows from operating activities						
Cash generated from/(used in)						
operations	29(a)	104,675	123,756	251,197	(3,655)	(44,684)
Interest received		393	1,588	1,466	732	54
Income taxes paid		(7,274)	(24,739)	(31,968)	(1,763)	(1,305)
Net cash generated from/(used in) operating activities		97,794	100,605	220,695	(4,686)	(45,935)
Cash flows from investing activities						
Purchase of property, plant and equipment						
		(1,749)	(3,057)	(1,622)	(84)	(502)
Purchase of intangible assets		(617)	—	—	—	—
Payments for property deposit		—	—	(5,000)	—	—
Payments for financial assets at fair value through profit or loss	20	(102,000)	(276,249)	(683,238)	(111,685)	(307,381)
Payment for acquisition of associate		—	(500)	—	—	—
Payment for deregistration of a subsidiary		—	—	(191)	—	—
Proceeds from sales of financial assets at fair value through profit or loss	20	56,391	299,065	712,316	138,597	307,816
Proceeds from disposal of property, plant and equipment and intangible assets	29(c)	37	33	53	—	—
Net cash acquired from acquisition of a subsidiary	30	—	32	—	—	—
Net cash (used in)/generated from investing activities		(47,938)	19,324	22,318	26,828	(67)

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	Note	Year ended 31 December			Three months ended	
		2018	2019	2020	31 March	
		RMB'000	RMB'000	RMB'000	2020	2021
						(Unaudited)
Cash flows from financing activities						
Capital injection from non-controlling interests		2,500	—	—	—	—
Capital injection from the then shareholders of a subsidiary		—	1,441	—	—	—
Payments of lease liabilities	29(b)	(8,992)	(11,139)	(13,044)	(3,325)	(3,366)
Consideration paid for business combination under common control	30	—	—	(7,817)	—	—
Dividends paid to equity holders	24	—	—	(60,000)	—	—
Net cash used in financing activities		<u>(6,492)</u>	<u>(9,698)</u>	<u>(80,861)</u>	<u>(3,325)</u>	<u>(3,366)</u>
Net increase/(decrease) in cash and cash equivalents		43,364	110,231	162,152	18,817	(49,368)
Cash and cash equivalents at beginning of the year/period		124,688	173,309	286,415	286,415	429,657
Exchange gains/(losses) on cash and cash equivalents		5,257	2,875	(18,910)	3,512	2,476
Cash and cash equivalents at end of the year/period	21	<u>173,309</u>	<u>286,415</u>	<u>429,657</u>	<u>308,744</u>	<u>382,765</u>

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Capvision Partners (Shanghai) Corporation Limited (the “**Company**”), formerly known as Kairen Investment Consulting (Shanghai) Limited, was incorporated in Shanghai of the People’s Republic of China (the “**PRC**”) on 24 November 2008 as a limited liability Company with an initial registered capital of RMB700,000. The registered office address of the Company is Room 1901, 19th Floor, No 268 Hengtong Road, Jing’an District, Shanghai, PRC.

The Company and its subsidiary (together, the “**Group**”) are principally engaged in the business of providing service of consultation, conference, and research and development.

The Historical Financial Information is presented in Renminbi (“**RMB**”), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years or periods presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss.

The preparation of Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All effective standards including HKFRS 9, 15 and 16, amendments to standards and interpretations, have been consistently applied to the Group throughout the Track Record Period.

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(a) New Standards, amendments to standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

	<u>New/amended standards</u>	<u>Effective date</u>
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements Project	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41	1 January 2022
HKFRS 17	Insurance Contracts and related Amendments	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 4	Extension of the Temporary Exemption from Applying HKFRS 9	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021

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The Group has already commenced an assessment of the impact of these new or amended standards, interpretations, and amended improvements, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

(i) Business combination under common control

For business combination under common control, the merger accounting has been applied. In applying merger accounting, the Historical Financial Information incorporates the financial statement items of the entities or businesses in which the common control combination occurs as if they had been combined from the date when the entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated.

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(ii) Acquisition method for other business combinations

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

(ii) Acquisition-related costs are expensed as incurred

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(b) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (2.2.3) below), after initially being recognised at cost.

2.2.3 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.7.

2.3 Separate financial statements

Investment in the subsidiary is accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiary are accounted for by the Group on the basis of dividend received and receivable.

Impairment testing of the investment in the subsidiary is required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the Historical Financial Information of the investee’s net assets including goodwill.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**Functional Currency**”). The Historical Financial Information is presented in RMB, which is the Company’s functional currency and the Group’s presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income.

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Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statements of comprehensive income within “Finance income/(costs) — net”. All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within “Other gains/(losses) — net”.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated balance sheets presented are translated at the closing rate at the date of that consolidated balance sheets
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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2.5 Property, plant and equipment

Property, plant and equipment, are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the Track Record Period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives:

	<u>Estimated useful lives</u>
— Electronic equipment	3-5 years
— Furniture	3-5 years
— Leasehold improvement	2-3 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in “Other gains/(losses) — net” in the consolidated statements of comprehensive income.

2.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred over the Company’s interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the amount of the non-controlling interest in the acquiree.

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For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful lives of 5 to 10 years. Costs associated with maintaining computer software programs are recognised as expense as incurred.

2.7 Impairment of non-financial assets

Goodwill that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Financial assets and liabilities

2.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

- (i) Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- (ii) Those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.8.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“**FVPL**”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- (i) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment losses are presented as separate line item in the consolidated statements of comprehensive income.
- (ii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statements of comprehensive income within “Other gains/(losses) — net” in the period in which it arises.

2.8.3 Derecognition of financial assets

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions:

- (i) The rights to receive cash flows from the asset have expired; or
- (ii) 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.

2.8.4 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

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For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables from third parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.9 Trade receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 3.1(b) for a description of the Group's impairment policies.

2.10 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include cash on hand and at bank, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Paid-in capital/share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

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2.12 Trade payables

Trade payables mainly represent the obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within one year or less after the reporting period.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and income tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14 Employee benefits

(a) Pension, housing funds, medical insurances and other social insurances obligations

Employees of the Group are covered by various government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred.

Employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred.

(b) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the

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end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheets.

(c) Share-based compensation benefits of the Group

Equity-settled share-based payment transaction

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from eligible employees as consideration for equity instruments of the Company. The fair value of the employee services received in exchange for the grant of equity instruments is recognised as an expense on the Historical Financial Information. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions;
- including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statements of profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period.

2.15 Revenue recognition

Revenue is recognised when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised services is transferred to customers. Revenue is measured as the amount of consideration the Group expects to receive in exchange for providing services to a customer ("**transaction price**") after deducting the sales rebates.

A performance obligation represents service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Depending on the terms of the contract and the laws applicable, control of the services may be transferred over time or at a point in time. If control of the services is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

In determining whether revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether the Group is acting as the principal or agent in offering services to the customer, the Group needs to first identify who controls the specified services before they are transferred to the customer. The Group is a principal who obtains control any of the following: (i) a good or another asset from the other party that the Group then transfers to the customer; (ii) a right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the Group's behalf; (iii) a service from the other party that the Group then consolidates with other services in providing the specified service to the customer. If control is unclear, when the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from services provided. The Group records revenues on a gross basis during the Track Record Period.

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The following sets forth information concerning the various business models for different types of services:

Consultation service

The Group provides consultation services to customers or other parties that designated by the customers with the ability to arrange consultations with qualified industry experts. Revenue from consultation service is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided.

Revenue from standardised consultation services with fixed unit price is recognised in the accounting period in which the services are rendered and measured based on the fixed unit price.

Revenue from customised consultation services is recognised based on the total contract amount agreed either before or after the Group provides the relevant services. For contracts with the total amount agreed before the services are rendered, revenue is measured based on the contract amount and recognised over time based on the services provided, for contracts with the total amount agreed after the services are rendered, the Group negotiates the total amount with customers on a regular basis and recognises the revenue when the contract amount can be determined.

Conference service

The Group agrees with the client on the fee per hour for the conference service. Revenue from conference service is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided.

Research service

Revenue from research service is recognised when the Group delivers a research report to customers.

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2.16 Earnings per share

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- The profit attributable to equity holders of the Company;
- By the weighted average number of ordinary shares outstanding during the financial year.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.17 Leases as lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which leased asset is available for use by the Group.

The Group leases buildings in the PRC as lessee. The lease term is typically 13 months to 36 months for buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implied in the lease, if that rate can be determined, or the respective incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following (if applicable):

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment (Note 2.7). Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

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2.18 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.19 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 11 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.21 Dividend distribution

Dividend distribution to the equity holders is recognised as a liability upon when the dividends are approved by the equity holders or directors, as appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the management of the Group. The Group currently does not use any derivative financial instruments to hedge certain risk exposure.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Functional Currency of the Company and its subsidiary (i.e. other than RMB).

The Group mainly operates in the PRC with most of the transactions settled in RMB. The Group is exposed to foreign currency risks with respect to foreign currency denominated financial assets as at 31 December 2018, 2019 and 2020 and 31 March 2021. The Group does not hedge against any fluctuation in foreign currency. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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The Group’s exposure to foreign exchange risk mainly arises from commercial transactions and recognised assets and liabilities including cash and cash equivalents, trade receivables and trade and other payables denominated in USD. As at 31 December 2018, 2019 and 2020 and 31 March 2021, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, the pre-tax profit for the years ended 31 December 2018, 2019 and 2020 and three months ended 31 March 2021 would have been approximately RMB8,020,000, RMB13,856,000, RMB18,463,000 and RMB18,823,000 lower/higher, respectively.

The group’s exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cash and cash equivalents	134,219	218,448	342,343	356,317
Trade receivables	26,183	59,656	27,051	22,210
Trade and other payables	(1)	(988)	(136)	(2,074)
	<u>160,401</u>	<u>277,116</u>	<u>369,258</u>	<u>376,453</u>

The aggregate net foreign exchange gains/(losses) recognised in profit or loss were:

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Net foreign exchange loss/(gain)				
included in other losses/(gains)	(2,799)	321	(3,222)	70
Exchange losses on foreign currency				
borrowing included in finance costs.	<u>5,257</u>	<u>2,875</u>	<u>(18,910)</u>	<u>2,476</u>
Total net foreign exchange				
 gain/(losses) recognised in profit				
 before income tax for the				
 year/period	<u>2,458</u>	<u>3,196</u>	<u>(22,132)</u>	<u>2,546</u>

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(b) Credit risk

Credit risk mainly arises from cash and cash equivalents, financial assets at fair value through profit or losses, trade receivables, other receivables, and amounts due from related parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets.

(i) Risk management

The Group expects that there is no significant credit risk associated with cash and cash equivalents and wealth management services since they are deposited at or provided by state-owned banks or reputable commercial banks which are high-credit-quality financial institutions. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group's trade receivables are mainly from customers for services provided in the ordinary course of business. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 180 days and credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables mainly comprise deposits. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group assesses the credit risk by considering the probability of default with supportive indicators taken into consideration.

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(ii) Impairment of financial assets

The Group has four types of financial assets that are subject to the expected credit loss assessment, which are cash and cash equivalents, trade receivables, other receivables and amounts due from related parties.

Cash and cash equivalents

While cash and cash equivalents are subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (GDP) to be the most relevant factor, and accordingly adjusted the historical loss rates based on expected changes in these factors.

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The loss allowance as at 31 December 2018, 2019 and 2020 and 31 March 2021 was determined as follows for trade receivables.

	Within credit				Total
	term	1-180 days	180-365 days	Over 1 years	
31 December 2018					
Expected loss rate	0.26%	1.30%	27.77%	100.00%	1.65%
Gross carrying amount — trade receivables.	85,226	27,113	4,195	183	116,717
Loss allowance	(225)	(353)	(1,165)	(183)	(1,926)
31 December 2019					
Expected loss rate	1.15%	1.30%	22.31%	100.00%	1.91%
Gross carrying amount — trade receivables.	125,140	21,437	1,838	720	149,135
Loss allowance	(1,442)	(279)	(410)	(720)	(2,851)
31 December 2020					
Expected loss rate	0.69%	1.75%	11.62%	100.00%	2.27%
Gross carrying amount — trade receivables.	139,561	18,037	18,542	575	176,715
Loss allowance	(959)	(316)	(2,155)	(575)	(4,005)
31 March 2021					
Expected loss rate	0.62%	1.75%	20.90%	11.79%	1.73%
Gross carrying amount — trade receivables.	206,972	31,176	4,847	13,619	256,614
Loss allowance	(1,273)	(546)	(1,013)	(1,605)	(4,437)

Movements on the Group’s allowance of impairment of trade receivables are as follows:

	Year ended 31 December			Three months ended	
				31 March	
	2018	2019	2020	2020	2021
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(Unaudited)	
At beginning of the year/period	2,388	1,926	2,851	2,851	4,005
Increase in loss allowance.	—	925	1,628	691	457
Reversal of loss allowance	(337)	—	—	—	—
Written off	(125)	—	(474)	—	(25)
At end of the year/period	<u>1,926</u>	<u>2,851</u>	<u>4,005</u>	<u>3,542</u>	<u>4,437</u>

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Other receivables

The Group assessed that there is no significant increase in credit risk of these amounts since initial recognition. The loss allowance as at 31 December 2018, 2019 and 2020 and 31 March 2021 was determined as follows for other receivables.

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2021
Expected loss rate	0.61%	0.00%	0.40%	0.01%
Gross carrying amount — other receivables	4,093	4,970	11,239	11,469
Loss allowance	(25)	—	(45)	(1)

Movements on the Group’s allowance of impairment of other receivables are as follows:

	Year ended 31 December			Three months ended	
	2018	2019	2020	31 March	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2020	2021
				(Unaudited)	
At beginning of the year/period . . .	48	25	—	—	45
Increase in loss allowance	—	351	45	12	—
Reversal of loss allowance	(23)	—	—	—	(44)
Written off	—	(376)	—	—	—
At end of the year/period	<u>25</u>	<u>—</u>	<u>45</u>	<u>12</u>	<u>1</u>

Amounts due from related parties

The Group assessed that there is no significant increase in credit risk of these amounts since initial recognition. The loss allowance as at 31 December 2018, 2019 and 2020 and 31 March 2021 was determined as follows for amount due from related parties.

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2021
Expected loss rate	0.51%	1.12%	1.02%	0.00%
Gross carrying amount — trade receivables and other receivables . . .	589	89	98	130
Loss allowance	(3)	(1)	(1)	—

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Movements on the Group’s allowance of impairment of amounts due from related parties are as follows:

	Year ended 31 December			Three months ended	
	2018	2019	2020	31 March	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2020	2021
				(Unaudited)	
At beginning of the year/period . . .	—	3	1	1	1
Increase in loss allowance	3	—	—	1	—
Reversal of loss allowance	—	(2)	—	—	(1)
At end of the year/period	3	1	1	2	—

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents for its business development and expansion. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group’s liquidity risk and to maintain adequate cash and cash equivalents to meet the Group’s liquidity requirements.

The table below analyses the Group’s non-derivative financial liabilities that will be settled into relevant maturity Grouping based on the remaining period at each consolidated balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than	Between 1 and	Over 2 years	Total
	1 year	2 years		
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 31 December 2018				
Trade payables	4,898	—	—	4,898
Amounts due to related parties	500	—	—	500
Other payables (excluding payroll and welfare payables and other tax payables)	603	—	—	603
Lease liabilities	10,434	9,174	578	20,186
	16,435	9,174	578	26,187

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	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2019				
Trade payables	5,590	—	—	5,590
Other payables (excluding payroll and welfare payables and other tax payables)	510	—	—	510
Lease liabilities	11,994	3,399	2,115	17,508
	<u>18,094</u>	<u>3,399</u>	<u>2,115</u>	<u>23,608</u>
As at 31 December 2020				
Trade payables	5,596	—	—	5,596
Other payables (excluding payroll and welfare payables and other tax payables)	865	—	—	865
Lease liabilities	12,533	10,878	7,197	30,608
	<u>18,994</u>	<u>10,878</u>	<u>7,197</u>	<u>37,069</u>
As at 31 March 2021				
Trade and notes payables	9,056	—	—	9,056
Other payables (excluding payroll and welfare payables and other tax payables)	35	—	—	35
Lease liabilities	12,158	10,046	5,038	27,242
	<u>21,249</u>	<u>10,046</u>	<u>5,038</u>	<u>36,333</u>

3.2 Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors capital (including share capital and other reserves on an as-if-converted basis) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. The gearing ratio is used

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as the basis of the capital monitoring. This ratio is calculated as net debt divided by total equity. Net debt is calculated as lease liabilities less cash and cash equivalents. In the opinion of the directors of the Company, the Group’s capital risk is low.

As at 31 December 2018, 2019 and 2020 and 31 March 2021, cash and cash equivalents exceed lease liabilities of the Group, therefore, the gearing ratio is not applicable.

The gearing ratios at 31 December 2018, 2019 and 2020 and 31 March 2021 were as follows:

	As at 31 December			As at
	2018	2019	2020	31 March
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Net cash (<i>Note 29(b)</i>)	(154,001)	(269,585)	(400,787)	(356,944)
Total equity.	229,933	328,055	435,062	507,886
Gearing ratio.	N/A	N/A	N/A	N/A

3.3 Fair value estimation

(a) Fair value measurements by level of the following fair value measurement hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the Historical Financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets is based on quoted prices market at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The fair value of the financial assets which are measured at amortised cost, approximate their carrying amount as at 31 December 2018, 2019, 2020 and 31 March 2021.

As at 31 December 2020 and 31 March 2021, the Group did not hold any financial assets at FVPL.

The following table presents the Group’s assets that were measured at fair value as at 31 December 2018 and 2019 (Note 20):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>At 31 December 2018</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets:				
Financial assets at FVPL.....	—	—	46,973	46,973
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>At 31 December 2019</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets:				
Financial assets at FVPL.....	—	—	27,366	27,366
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There were no changes in valuation techniques during the Track Record Period.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

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(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments or discounted cash flow analysis. The Group did not have any financial assets or liabilities measured at fair value on a recurring basis during the Track Record Period, with the exception of the Group’s wealth management products, which are measured at fair value through profit or loss and which constitute Level 3 measurements under the fair value hierarchy. The Group’s wealth management products are valued based on cash flow discounted using the expected return based on management judgment and estimates.

(c) Fair value measurements using significant unobservable inputs and relationships to fair value

Description	Fair value at 31 December				Unobservable inputs	Range of inputs (probability-weighted average)				Relationship of unobservable inputs to fair value
	31 Dec	31 Dec	31 Dec	31 Mar		2018	2019	2020	2021	
	2018	2019	2020	2021		2018	2019	2020	2021	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>						
Financial assets at fair value through profit or loss.	46,973	27,366	—	—	Discount rates	2.00%-4.90%	2.00%-4.90%	N/A	N/A	Positive correlation

4 CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also need to exercise judgement in applying the Group’s 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.

(a) Recognition of share-based payment expenses

As mentioned in Note 25, shares were granted to its shareholders and employees.

The management applies judgements and estimates, such as employee turnover rate, in determining share-based payment expenses each period.

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The Group has engaged an independent valuer to determine the total fair value of the equity incentive tools granted to employees. The fair value of equity incentive tools is determined by the discounted-cashflow model at the grant date. Significant estimate on assumptions, including risk-free interest rate, risk premium and expected volatility are made by the directors with the assistance of an independent valuer.

(b) Income taxes and deferred income tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

5 REVENUE

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Consultation service	346,324	403,947	570,191	124,068	188,322
Research service	27,358	44,911	53,526	11,664	16,814
Conference service	11,746	11,690	19,762	3,232	7,647
	<u>385,428</u>	<u>460,548</u>	<u>643,479</u>	<u>138,964</u>	<u>212,783</u>

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Revenue recognised					
— at a point in time	27,358	44,911	53,526	11,664	16,814
— over time	358,070	415,637	589,953	127,300	195,969
	<u>385,428</u>	<u>460,548</u>	<u>643,479</u>	<u>138,964</u>	<u>212,783</u>

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Revenue from customers contributing over 10% of the total revenue of the Group during the Track Record Period is as follows:

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Client A	N/A	N/A	N/A	N/A	21,443

(i) The Group and the Company recognised the following liabilities related to the contracts with customers:

The Group

	As at 31 December			As at 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Contract liabilities — current	73,484	81,947	98,259	72,950	90,840

Contract liabilities are recognised if the Group has obligation to transfer services to a customer for which the entity has received consideration. The unsatisfied performance obligations resulting from contracts were set out in Note 5(iii).

The Company

	As at 31 December			As at 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Contract liabilities — current	73,484	79,169	94,304	71,502	90,840

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(ii) Revenue recognised in the current reporting period that was included in the balance of the Group’s contract liabilities at the beginning of the year/period:

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(Unaudited)	
Revenue from providing services . . .	51,936	73,484	81,947	81,947	98,259

(iii) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations as at 31 December 2018, 2019 and 2020 and 31 March 2021:

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Unsatisfied performance obligations . .	126,864	119,107	162,897	175,129

(iv) Assets recognised from costs to fulfil a contract

The Group and the Company

In addition to the contract balances disclosed above, the Group and the Company have also recognised an asset in relation to costs to fulfil a research service contract. This is presented within contract cost in the consolidated balance sheets.

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Asset recognised from costs incurred to fulfil a contract	1,193	1,172	774	370

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6 EXPENSES BY NATURE

	Year ended 31 December			Three months ended	
				31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Experts cost	123,028	159,521	192,003	40,614	57,022
Employee benefits expenses					
<i>(Note 7)</i>	113,573	143,292	172,222	35,009	58,959
Service fee	10,682	13,301	19,172	3,685	3,329
Office and travel expenses	10,841	13,016	15,801	2,852	3,421
Depreciation of right-of-use assets					
<i>(Note 14)</i>	9,118	10,434	12,115	3,102	3,176
Rental expenses.	3,298	3,300	4,333	1,068	899
Meals and entertainment.	4,113	2,889	3,668	165	967
Tax and surcharges.	1,894	1,700	3,627	432	1,359
Depreciation of property, plant and					
equipment <i>(Note 15)</i>	2,306	2,550	3,097	772	496
Meeting expense	11,200	8,880	1,250	58	1,116
Conference cost.	3,339	2,509	595	89	194
Auditor’s remuneration					
— Audit services.	565	1,006	1,053	—	—
Insurance expenses.	580	825	919	59	—
Promotion expenses	875	855	797	97	174
Amortisation of intangible assets					
<i>(Note 16)</i>	287	344	288	77	67
Others	371	857	885	776	184
Total cost of sales, selling and					
distribution expenses and					
administration expenses.	<u>296,070</u>	<u>365,279</u>	<u>431,825</u>	<u>88,855</u>	<u>131,363</u>

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7 EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December			Three months ended	
				31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Wages, salaries and bonuses	91,007	114,251	137,667	30,581	44,863
Housing funds, medical insurances and other social insurances					
(Note a)	17,207	20,831	20,014	3,854	7,418
Other welfare expenses.	4,691	4,209	4,098	574	2,202
Share-based compensation expenses .	668	4,001	10,443	—	4,476
	<u>113,573</u>	<u>143,292</u>	<u>172,222</u>	<u>35,009</u>	<u>58,959</u>

(a) According to policies issued by the Ministry of Human Resources and Social Security and local municipal departments, due to the impact from Coronavirus Disease 2019 (COVID-19), social security relief policies have been successively implemented by local authorities. As such, the social insurance expenses for the period from February to December 2020 have been reduced accordingly.

The employees of the Group in the PRC are members of state-managed defined contribution scheme operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by local government authority to the scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contribution under the scheme.

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(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include one director for the years ended 31 December 2018 and the three months ended 31 March 2021, two directors for the years ended 2019, 2020 and the three months ended 31 March 2020, respectively. Their emoluments are reflected in the analysis presented in Note 7(c). The emoluments payable to the remaining four, three, three, three, four highest paid individuals (other than those directors mentioned above) for Track Record Period are as follows:

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Wages, salaries and bonuses	6,810	4,650	5,172	715	975
Social security costs, housing benefits and defined contributions to pension plans	294	201	270	56	86
Share-based compensation expenses	668	1,440	91	—	521
	<u>7,772</u>	<u>6,291</u>	<u>5,533</u>	<u>771</u>	<u>1,582</u>

The number of highest paid non-director individuals whose emoluments during the Track Record Period fell within the following bands are as follows:

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
				(Unaudited)	
Emolument bands:					
Nil – HKD1,000,000	—	—	—	3	4
HKD1,000,001 – HKD1,500,000 . . .	—	—	—	—	—
HKD1,500,001 – HK\$2,000,000 . . .	2	2	1	—	—
HKD2,000,001 – HK\$2,500,000 . . .	1	—	2	—	—
HKD2,500,001 – HKD3,000,000 . . .	—	—	—	—	—
HKD3,000,001 – HKD3,500,000 . . .	1	—	—	—	—
HKD3,500,001 – HKD4,000,000 . . .	—	1	—	—	—
	<u>4</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>

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(c) Benefits and interests of Directors

The remuneration of each director and chief executive, including their role as senior management or employees since their appointment as directors respectively, for the years ended 31 December 2018, 2019 and 2020 and the three months ended 31 March 2020 and 2021 respectively is set out below:

Emoluments paid or receivable in respect of a person’s service as a director

	Fees	Salaries	Discretionary bonuses	Share-based compensation expenses	Social security costs, housing benefits and employee welfare	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
For the year ended 31 December 2018						
Chairman of the Board						
Mr. Xu Rujie	—	162	480	—	20	662
Directors						
Mr. Cheng Yijiang	—	594	960	—	64	1,618
Mr. Teng Xuejun	—	26	—	—	14	40
Mr. Wang Yichao	—	—	—	—	—	—
Mr. Ling Yun	—	—	—	—	—	—
	—	782	1,440	—	98	2,320

Mr. Xu Rujie, Mr. Cheng Yijiang and Mr. Teng Xuejun were appointed as directors of the Company in May 2018, Mr. Wang Yichao and Mr. Ling Yun were appointed as directors of the Company in September 2018.

	Fees	Salaries	Discretionary bonuses	Share-based compensation expenses	Social security costs, housing benefits and employee welfare	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
For the year ended 31 December 2019						
Chairman of the Board						
Mr. Xu Rujie	—	243	880	3,228	46	4,397
Directors						
Mr. Cheng Yijiang	—	931	900	—	100	1,931
Mr. Teng Xuejun	—	39	—	—	19	58
Mr. Wang Yichao	—	—	—	—	—	—
Mr. Ling Yun	—	—	—	—	—	—
	—	1,213	1,780	3,228	165	6,386

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	Fees	Salaries	Discretionary bonuses	Share-based compensation expenses	Social security costs, housing benefits and employee welfare	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
For the year ended 31 December 2020						
Chairman of the Board						
Mr. Xu Rujie	—	241	216	—	72	529
Directors						
Mr. Cheng Yijiang	—	889	1,100	—	90	2,079
Ms. Tu Qiang	—	447	1,900	608	53	3,008
Mr. Teng Xuejun	—	10	—	—	3	13
Mr. Wang Yichao	—	—	—	—	—	—
Dr. Chen Geng	—	—	—	—	—	—
Mr. Ling Yun	—	—	—	—	—	—
Independent Non-executive directors						
Mr. Wang Xuemeng	64	—	—	—	—	64
Ms. Zhang Yaping	64	—	—	—	—	64
Mr. Fang JunXiong	64	—	—	—	—	64
	<u>192</u>	<u>1,587</u>	<u>3,216</u>	<u>608</u>	<u>218</u>	<u>5,821</u>

Mr. Wang Xuemeng, Ms. Zhang Yaping and Mr. Fang JunXiong were appointed as independent non-executive directors of the Company in April 2020, Ms. Tu Qiang and Dr. Chen Geng were appointed directors of the Company in June 2020.

	Fees	Salaries	Discretionary bonuses	Share-based compensation expenses	Social security costs, housing benefits and employee welfare	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
For the three months ended 31 March 2021						
Chairman of the Board						
Mr. Xu Rujie	—	60	—	—	29	89
Executive directors						
Mr. Cheng Yijiang	—	223	—	—	29	252
Ms. Tu Qiang	—	192	—	260	29	481
Non-executive directors						
Mr. Teng Xuejun	—	—	—	—	—	—
Mr. Wang Yichao	—	—	—	—	—	—
Dr. Chen Geng	—	—	—	—	—	—
Independent Non-executive directors						
Mr. Wang Xuemeng	25	—	—	—	—	25
Ms. Zhang Yaping	25	—	—	—	—	25
Mr. Fang JunXiong	25	—	—	—	—	25
	<u>75</u>	<u>475</u>	<u>—</u>	<u>260</u>	<u>87</u>	<u>897</u>

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	Fees	Salaries	Discretionary bonuses	Share-based compensation expenses	Social security costs, housing benefits and employee welfare	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
For the three months ended 31						
March 2020 (Unaudited)						
Chairman of the Board						
Mr. Xu Rujie	—	61	—	—	8	69
Directors						
Mr. Cheng Yijiang	—	223	—	—	19	242
Mr. Teng Xuejun	—	10	—	—	3	13
Mr. Wang Yichao	—	—	—	—	—	—
Mr. Ling Yun	—	—	—	—	—	—
	—	294	—	—	30	324

(d) Directors’ retirement benefits

None of the directors received or will receive any retirement benefits during the Track Record Period, except for contributions to pension plans.

(e) Directors’ termination benefits

None of the directors received or will receive any termination benefits during the Track Record Period.

(f) Consideration provided to third parties for making available directors’ services

During the Track Record Period, the Company did not pay consideration to any third parties for making available directors’ services.

(g) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.

No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by and entities connected with directors subsisted at the end of the year or at any time during the Track Record Period.

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(h) Directors’ material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group’s business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year/period or at any time during the Track Record Period.

8 OTHER INCOME

	Year ended 31 December			Three months ended	
	2018	2019	2020	2020	2021
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(Unaudited)	
Government grants (<i>Note a</i>)	3,797	9,450	7,580	258	4
Additional deduction of input VAT (<i>Note b</i>)	—	207	283	167	104
Others	325	646	263	—	521
	<u>4,122</u>	<u>10,303</u>	<u>8,126</u>	<u>425</u>	<u>629</u>

- (a) The government grants mainly represent subsidies received from the government as support on expenses incurred by the Group. There are no unfulfilled conditions or other contingencies attached to these grants.
- (b) Pursuant to the ‘Announcement on Relevant Policies for Deepening the Value-added Tax Reform’ (Cai Shui Haiguan [2019] 39) jointly issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, during the period from 1 April 2019 to 31 December 2021, as a modern service enterprise, the Company’s VAT taxable amount will be deducted by adding 10% to the amount of deductible tax.

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9 OTHER (LOSSES)/GAINS — NET

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Gain on financial assets at FVPL . . .	1,364	3,209	1,712	7	435
Exchange loss/(gain) — net.	(2,799)	321	(3,222)	426	70
Donation.	—	—	(534)	(534)	—
Tax reporting late fee (<i>Note a</i>).	—	—	—	—	(4,913)
Others	49	27	(109)	(163)	(30)
	<u>(1,386)</u>	<u>3,557</u>	<u>(2,153)</u>	<u>(264)</u>	<u>(4,438)</u>

(a) The balance represented the underprovided individual income tax for the experts previously withheld by a third-party agency engaged by the Group before January 2020. Upon the cessation of the business cooperation with the third-party agency, the Group has voluntarily submitted a reassessment to the relevant tax authority and has paid back the full amount of individual income taxes in respect of the service fee paid to the experts through the third-party agency during the period from July 2018 to December 2019 with the tax reporting late fee of approximately RMB 4.9 million.

10 FINANCE COSTS AND INCOME — NET

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Finance income:					
Interest income from bank deposits . . .	393	1,588	1,466	732	54
Exchange gain — net.	5,257	2,875	—	3,512	2,476
	<u>5,650</u>	<u>4,463</u>	<u>1,466</u>	<u>4,244</u>	<u>2,530</u>
Finance costs:					
Interest paid for lease liabilities.	(165)	(758)	(699)	(175)	(317)
Exchange loss — net	—	—	(18,910)	—	—
	<u>(165)</u>	<u>(758)</u>	<u>(19,609)</u>	<u>(175)</u>	<u>(317)</u>
Finance income/(costs) — net	<u>5,485</u>	<u>3,705</u>	<u>(18,143)</u>	<u>4,069</u>	<u>2,213</u>

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11 INCOME TAX EXPENSE

(a) Income tax expense

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Current income tax expense					
— PRC corporate income tax	13,803	18,822	27,274	6,387	10,615
— US corporate income tax	—	615	3,965	42	481
Deferred income tax (credit)/expense					
— PRC corporate income tax	(304)	(730)	(231)	583	(44)
— US corporate income tax	—	—	(14)	(3)	—
— Hong Kong profits tax	(166)	30	200	41	1
	<u>13,333</u>	<u>18,737</u>	<u>31,194</u>	<u>7,050</u>	<u>11,053</u>

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits during the Track Record Period.

(ii) Overseas profits tax

German profits tax has been provided at the rate of 30.825% on the estimated assessable profits during the Track Record Period.

The Group’s subsidiaries incorporated in the US are subject to Federal corporate income tax at the rate of 21%, State corporate income tax rate of 6.5%, and City corporate income tax rate of 8.85% during the Track Record Period.

(iii) PRC corporate income tax

In 2017, the Company obtained the High-technology Enterprise Certificate (No. GR201731001229) issued by the Shanghai Finance Department and completed the filing for high-technology enterprises' favourable tax rate at the local tax bureau of Shanghai economic and technological development zone. The validity of the certificate was 3 years. In 2020, the Company renewed the High-technology Enterprise Certificate (No. GR202031002341). The validity of the certificate was 3 years. Under Article 28 of the Enterprise Income Tax Law of the People's Republic of China, the Company's applicable tax rate in 2018, 2019, 2020 and 2021 was 15%.

Pursuant to the 'Notice on Further Expanding the Scope of Income Tax Preferential Policies for Scale VAT Taxpayer' (Cai Shui [2018]77) issued by the State Administration of Taxation of the PRC, during the period from 1 January 2018 to 31 December 2020, Ningbo Meishan Free Zone Port Capvision Financing Asset Management Company Limited and Beijing Capvision Qunying Information Technology Company Limited, the subsidiaries of the Group, qualified as "Small and Low-profit Enterprise". The portion of the annual taxable income not exceeding 1 million yuan shall be reduced by 50% into the taxable income and the enterprise income tax shall be paid at the rate of 20%.

Pursuant to the 'Notice of Preferential Tax Reduction and Exemption Policies for Small Scale VAT Taxpayer' (Cai Shui [2019] 13) issued by the State Administration of Taxation of the PRC, during the period from 1 January 2019 to 31 December 2021, Ningbo Meishan Free Zone Port Capvision Financing Asset Management Company Limited and Beijing Capvision Qunying Information Technology Company Limited, the subsidiaries of the Group, qualified as "Small and Low-profit Enterprise". The portion of the annual taxable income not exceeding 1 million yuan shall be reduced by 25% into the taxable income and the enterprise income tax shall be paid at the rate of 20%. For the annual taxable income of more than 1 million yuan but not more than 3 million yuan, the amount of taxable income shall be reduced by 50% and the enterprise income tax shall be paid at a rate of 20%.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% of their qualified research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

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A reconciliation of the expected income tax calculated at the applicable tax rate and profit before income tax, with the actual income tax is as follow:

	Year ended 31 December			Three months ended	
	2018	2019	2020	31 March	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax	97,844	111,426	197,797	53,627	79,412
Tax calculated at statutory tax rates	24,530	27,987	49,588	12,735	19,288
Tax effect of:					
Preferential tax rate of certain					
subsidiaries	(9,994)	(10,695)	(18,132)	(5,290)	(7,574)
Expenses not deductible for tax purpose .	1,038	3,138	1,963	16	68
Tax losses for which no deferred tax					
asset was recognised.	290	165	16	47	4
Additional deduction for research and					
development expenses	(2,531)	(1,858)	(2,241)	(458)	(733)
Income tax expense	<u>13,333</u>	<u>18,737</u>	<u>31,194</u>	<u>7,050</u>	<u>11,053</u>

(b) Tax losses

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unused tax losses for which no deferred tax asset				
has been recognised	<u>1,167</u>	<u>3,866</u>	<u>3,924</u>	<u>3,938</u>
Potential tax benefit at statutory tax rate	<u>290</u>	<u>455</u>	<u>471</u>	<u>475</u>

The unused tax losses were incurred by Capvision Europe GmbH, Ningbo Meishan Free Zone Port Capvision Financing Asset Management Company Limited as at 31 December 2018, 2019, 2020 and 31 March 2021 and Beijing Capvision Qunying Information Technology Company Limited as at 31 December 2018, 2019 that are not likely to generate taxable income in the foreseeable future. See note 28 for information about recognised tax losses and note 4(b) for significant judgements made in relation to them.

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12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit of the Group attributable to owners of the Company by weighted average number of shares during the Track Record Period.

The Company did not have any potential ordinary shares outstanding during the Track Record Period. Diluted earnings per share is equal to basic earnings per share.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
				(Unaudited)	
Profit attributable to owners of the Company (RMB’000)	85,079	93,673	165,490	46,522	67,490
Weighted average number of ordinary shares in issue (thousand)	50,000	50,000	50,000	50,000	50,000
Basic and diluted earnings per share (RMB)	<u>1.70</u>	<u>1.87</u>	<u>3.31</u>	<u>0.93</u>	<u>1.35</u>

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group and the Company

The amounts recognised in the consolidated balance sheets are as follows:

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Associate.	<u>523</u>	<u>529</u>	<u>515</u>	<u>515</u>

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Set out below are the associates of the Group as at 31 December 2018, 2019 and 2020, and 31 March 2021. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also the principal place of business of respective associate.

Name of Entity	Country of incorporation	% of the Ownership interests			
		As at 31 December			As at 31 March
		2018	2019	2020	2021
		%	%	%	%
Huarun Rongzhi Capvision Information Consulting (Shenzhen) Co., Ltd. (“Capvision Rongzhi”)	PRC	50	50	50	50
Capvision Europe GmbH (<i>Note i</i>)	GER	50	—	—	—
Capvision Hawk Consulting (<i>Note ii</i>)	JPN	50	—	—	—

(i) In January 2019, Capvision Elite Limited acquired another 50% share of Capvision Europe GmbH, thereafter Capvision Europe GmbH became subsidiary of the Group.

(ii) In 2019, Capvision Hawk Consulting was deregistered.

The share of (loss)/gain recognised in the consolidated statement of comprehensive income are as follows:

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Associate	(92)	6	(14)	(8)	—

(Unaudited)

Interests in associate

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of the year/period	115	523	529	529	515
Additions (<i>i</i>)	500	—	—	—	—
Share of loss/(profit) of investments accounted for using the equity method	(92)	6	(14)	(8)	—
End of the year/period	523	529	515	521	515

(Unaudited)

(i) During the year ended 31 December 2018, the Group made capital injection totalling RMB500,000 to Capvision Rongzhi, which is engaged in business consulting services.

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14 LEASES

The Group and the Company

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	2021
Right-of-use assets				<i>RMB’000</i>
— Buildings	19,017	16,485	28,756	25,580

(a) Right-of-use assets

(i) The Group’s and the Company’s leases for buildings mainly represent the leases for offices, and the lease terms range from 12 months to 36 months. The movements of the Group’s and the Company’s right-of-use assets are analysed as follows:

	Buildings
	<i>RMB’000</i>
At 1 January 2018	
Cost	22,105
Accumulated depreciation	—
Net book value	<u>22,105</u>
Year ended 31 December 2018	
Opening net book value	22,105
Additions	6,030
Depreciation charge (<i>Note 6</i>).	<u>(9,118)</u>
Closing net book value	<u>19,017</u>
At 31 December 2018	
Cost	28,135
Accumulated depreciation	<u>(9,118)</u>
Net book value	<u>19,017</u>
Year ended 31 December 2019	
Opening net book value	19,017
Additions	7,902
Depreciation charge (<i>Note 6</i>).	<u>(10,434)</u>
Closing net book value	<u>16,485</u>

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	Buildings
	<i>RMB'000</i>
At 31 December 2019	
Cost	36,037
Accumulated depreciation	(19,552)
Net book value	<u>16,485</u>
Year ended 31 December 2020	
Opening net book value	16,485
Additions	24,386
Depreciation charge (<i>Note 6</i>)	(12,115)
Closing net book value	<u>28,756</u>
At 31 December 2020	
Cost	60,423
Accumulated depreciation	(31,667)
Net book value	<u>28,756</u>
Three months ended 31 March 2021	
Opening net book value	28,756
Depreciation charge (<i>Note 6</i>)	(3,176)
Closing net book value	<u>25,580</u>
At 31 March 2021	
Cost	60,423
Accumulated depreciation	(34,843)
Net book value	<u>25,580</u>
Three months ended 31 March 2020 (Unaudited)	
Opening net book value	16,485
Depreciation charge (<i>Note 6</i>)	(3,102)
Closing net book value	<u>13,383</u>
At 31 March 2020 (Unaudited)	
Cost	36,037
Accumulated depreciation	(22,654)
Net book value	<u>13,383</u>

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(ii) Amounts recognised in the consolidated statements of comprehensive income

	Year ended 31 December			Three months ended	
				31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Depreciation charge of right-of-use assets (<i>Note 6</i>)	9,118	10,434	12,115	3,102	3,176
Interest expenses on lease liabilities	165	758	699	175	317
Expense relating to short-term leases	3,298	3,300	4,333	1,068	899

(b) Lease liabilities

The Group and the Company

	As at 31 December			As at
				31 March
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities				
Current	9,765	11,512	11,467	11,225
Non-current	9,543	5,318	17,403	14,596
	19,308	16,830	28,870	25,821

The total cash outflow for leases was approximately RMB8,992,000, RMB11,139,000, RMB13,044,000, RMB3,325,000 and RMB3,366,000 for the years ended 31 December 2018, 2019 and 2020 and the three months ended 31 March 2020 and 2021, respectively.

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15 PROPERTY, PLANT AND EQUIPMENT

The Group

	Electronic equipment	Furniture	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2018				
Cost	2,895	1,089	4,466	8,450
Accumulated depreciation	(1,415)	(13)	(281)	(1,709)
Net book value	<u>1,480</u>	<u>1,076</u>	<u>4,185</u>	<u>6,741</u>
Year ended 31 December 2018				
Opening net book value	1,480	1,076	4,185	6,741
Additions	748	443	400	1,591
Disposals	(6)	(3)	—	(9)
Depreciation charge (<i>Note 6</i>)	(565)	(360)	(1,381)	(2,306)
Closing net book value	<u>1,657</u>	<u>1,156</u>	<u>3,204</u>	<u>6,017</u>
At 31 December 2018				
Cost	3,632	1,518	4,866	10,016
Accumulated depreciation	(1,975)	(362)	(1,662)	(3,999)
Net book value	<u>1,657</u>	<u>1,156</u>	<u>3,204</u>	<u>6,017</u>
Year ended 31 December 2019				
Opening net book value	1,657	1,156	3,204	6,017
Additions	1,011	615	1,080	2,706
Disposals	(33)	—	—	(33)
Depreciation charge (<i>Note 6</i>)	(689)	(395)	(1,466)	(2,550)
Closing net book value	<u>1,946</u>	<u>1,376</u>	<u>2,818</u>	<u>6,140</u>
At 31 December 2019				
Cost	4,606	2,133	5,946	12,685
Accumulated depreciation	(2,660)	(757)	(3,128)	(6,545)
Net book value	<u>1,946</u>	<u>1,376</u>	<u>2,818</u>	<u>6,140</u>

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	Electronic equipment	Furniture	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2020				
Opening net book value	1,946	1,376	2,818	6,140
Additions	1,268	—	168	1,436
Disposals.	(53)	—	—	(53)
Depreciation charge (<i>Note 6</i>).	(746)	(334)	(2,017)	(3,097)
Closing net book value	<u>2,415</u>	<u>1,042</u>	<u>969</u>	<u>4,426</u>
At 31 December 2020				
Cost	5,803	2,133	6,114	14,050
Accumulated depreciation	(3,388)	(1,091)	(5,145)	(9,624)
Net book value	<u>2,415</u>	<u>1,042</u>	<u>969</u>	<u>4,426</u>
Three months ended 31 March 2021				
Opening net book value	2,415	1,042	969	4,426
Additions	14	28	403	445
Depreciation charge (<i>Note 6</i>).	(250)	(83)	(163)	(496)
Closing net book value	<u>2,179</u>	<u>987</u>	<u>1,209</u>	<u>4,375</u>
At 31 March 2021				
Cost	5,817	2,161	6,517	14,495
Accumulated depreciation	(3,638)	(1,174)	(5,308)	(10,120)
Net book value	<u>2,179</u>	<u>987</u>	<u>1,209</u>	<u>4,375</u>
Three months ended 31 March 2020 (Unaudited)				
Opening net book value	1,946	1,376	2,818	6,140
Additions	—	—	74	74
Depreciation charge (<i>Note 6</i>).	(177)	(84)	(511)	(772)
Closing net book value	<u>1,769</u>	<u>1,292</u>	<u>2,381</u>	<u>5,442</u>
At 31 March 2020 (Unaudited)				
Cost	4,606	2,133	6,020	12,759
Accumulated depreciation	(2,837)	(841)	(3,639)	(7,317)
Net book value	<u>1,769</u>	<u>1,292</u>	<u>2,381</u>	<u>5,442</u>

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The Company

	Electronic equipment	Furniture	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2018				
Cost	2,895	1,089	4,466	8,450
Accumulated depreciation	(1,415)	(13)	(281)	(1,709)
Net book value	<u>1,480</u>	<u>1,076</u>	<u>4,185</u>	<u>6,741</u>
Year ended 31 December 2018				
Opening net book value	1,480	1,076	4,185	6,741
Additions	696	298	400	1,394
Disposals	(6)	(3)	—	(9)
Depreciation charge	(563)	(215)	(1,381)	(2,159)
Closing net book value	<u>1,607</u>	<u>1,156</u>	<u>3,204</u>	<u>5,967</u>
At 31 December 2018				
Cost	3,579	1,373	4,866	9,818
Accumulated depreciation	(1,972)	(217)	(1,662)	(3,851)
Net book value	<u>1,607</u>	<u>1,156</u>	<u>3,204</u>	<u>5,967</u>
Year ended 31 December 2019				
Opening net book value	1,607	1,156	3,204	5,967
Additions	951	482	1,080	2,513
Disposals	(33)	—	—	(33)
Depreciation charge	(672)	(262)	(1,466)	(2,400)
Closing net book value	<u>1,853</u>	<u>1,376</u>	<u>2,818</u>	<u>6,047</u>
At 31 December 2019				
Cost	4,493	1,856	5,946	12,295
Accumulated depreciation	(2,640)	(480)	(3,128)	(6,248)
Net book value	<u>1,853</u>	<u>1,376</u>	<u>2,818</u>	<u>6,047</u>
Year ended 31 December 2020				
Opening net book value	1,853	1,376	2,818	6,047
Additions	1,240	—	168	1,408
Depreciation charge	(732)	(334)	(2,017)	(3,083)
Closing net book value	<u>2,361</u>	<u>1,042</u>	<u>969</u>	<u>4,372</u>

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	Electronic equipment	Furniture	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2020				
Cost	5,733	1,856	6,114	13,703
Accumulated depreciation	(3,372)	(814)	(5,145)	(9,331)
Net book value	<u>2,361</u>	<u>1,042</u>	<u>969</u>	<u>4,372</u>
Three months ended 31 March 2021				
Opening net book value	2,361	1,042	969	4,372
Additions	14	28	403	445
Depreciation charge	(250)	(83)	(163)	(496)
Closing net book value	<u>2,125</u>	<u>987</u>	<u>1,209</u>	<u>4,321</u>
At 31 March 2021				
Cost	5,747	1,884	6,517	14,148
Accumulated depreciation	(3,622)	(897)	(5,308)	(9,827)
Net book value	<u>2,125</u>	<u>987</u>	<u>1,209</u>	<u>4,321</u>
Three months ended 31 March 2020 (Unaudited)				
Opening net book value	1,853	1,376	2,818	6,047
Additions	—	—	74	74
Depreciation charge	(173)	(84)	(511)	(768)
Closing net book value	<u>1,680</u>	<u>1,292</u>	<u>2,381</u>	<u>5,353</u>
At 31 March 2020 (Unaudited)				
Cost	4,493	1,856	6,020	12,369
Accumulated depreciation	(2,813)	(564)	(3,639)	(7,016)
Net book value	<u>1,680</u>	<u>1,292</u>	<u>2,381</u>	<u>5,353</u>

16 INTANGIBLE ASSETS

	The Group and The Company	The Group	The Group and The Company
	Software	Goodwill	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2018			
Cost	2,132	—	2,132
Accumulated amortisation	(1,247)	—	(1,247)
Net book value	<u>885</u>	<u>—</u>	<u>885</u>

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	The Group and The Company	The Group	The Group and The Company
	Software	Goodwill	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended 31 December 2018			
Opening net book value	885	—	885
Additions	617	—	617
Disposals.	(33)	—	(33)
Amortisation charge (<i>Note 6</i>)	(287)	—	(287)
Closing net book value	<u>1,182</u>	<u>—</u>	<u>1,182</u>
At 31 December 2018			
Cost	2,716	—	2,716
Accumulated amortisation	(1,534)	—	(1,534)
Net book value	<u>1,182</u>	<u>—</u>	<u>1,182</u>
Year ended 31 December 2019			
Opening net book value	1,182	—	1,182
Additions	—	140	140
Impairment	—	(140)	(140)
Amortisation charge (<i>Note 6</i>)	(344)	—	(344)
Closing net book value	<u>838</u>	<u>—</u>	<u>838</u>
At 31 December 2019			
Cost	2,716	—	2,716
Accumulated amortisation	(1,878)	—	(1,878)
Net book value	<u>838</u>	<u>—</u>	<u>838</u>
Year ended 31 December 2020			
Opening net book value	838	—	838
Amortisation charge (<i>Note 6</i>)	(288)	—	(288)
Closing net book value	<u>550</u>	<u>—</u>	<u>550</u>
At 31 December 2020			
Cost	2,716	—	2,716
Accumulated amortisation	(2,166)	—	(2,166)
Net book value	<u>550</u>	<u>—</u>	<u>550</u>

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	<u>The Group and The Company</u>	<u>The Group</u>	<u>The Group and The Company</u>
	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Three months ended 31 March 2021			
Opening net book value	550	—	550
Amortisation charge (<i>Note 6</i>)	(67)	—	(67)
Closing net book value	<u>483</u>	<u>—</u>	<u>483</u>
At 31 March 2021			
Cost	2,716	—	2,716
Accumulated amortisation	(2,233)	—	(2,233)
Net book value	<u>483</u>	<u>—</u>	<u>483</u>
Three months ended 31 March 2020			
(Unaudited)			
Opening net book value	838	—	838
Amortisation charge (<i>Note 6</i>)	(77)	—	(77)
Closing net book value	<u>761</u>	<u>—</u>	<u>761</u>
At 31 March 2020 (Unaudited)			
Cost	2,716	—	2,716
Accumulated amortisation	(1,955)	—	(1,955)
Net book value	<u>761</u>	<u>—</u>	<u>761</u>

(a) Amortisation of intangible assets has been charged to the consolidated statements of comprehensive income as follows:

	<u>Year ended 31 December</u>			<u>Three months ended 31 March</u>	
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Administrative expenses	<u>287</u>	<u>344</u>	<u>288</u>	(Unaudited) <u>77</u>	<u>67</u>

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17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group

	As at 31 December			As at
	2018	2019	2020	31 March
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Assets as per consolidated balance sheet				
<i>Financial assets at amortised costs</i>				
— Cash and cash equivalents				
(Note 21)	173,309	286,415	429,657	382,765
— Trade receivables (Note 19)	114,791	146,284	172,710	252,177
— Other receivables	4,093	4,970	11,239	11,469
— Amounts due from related parties				
(Note 31)	586	88	97	130
<i>Financial assets at fair value</i>				
— Financial assets at FVPL (Note 20)	46,973	27,366	—	—
	<u>339,752</u>	<u>465,123</u>	<u>613,703</u>	<u>646,541</u>
Liabilities as per consolidated balance sheet				
<i>Financial liabilities at amortised costs</i>				
— Trade payables (Note 26)	4,898	5,590	5,596	9,056
— Accruals and other payables				
(excluding non-financial liabilities) (Note 27)	4,108	2,813	4,422	1,997
— Lease liabilities (Note 14)	19,308	16,830	28,870	25,821
	<u>28,314</u>	<u>25,233</u>	<u>38,888</u>	<u>36,874</u>

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18 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2021
				<i>RMB'000</i>
Include in non-current assets				
Deposits	3,188	1,926	4,477	4,898
Include in current assets				
Deposits	190	2,573	5,535	5,706
Prepaid recruitment service fee	—	962	1,406	1,628
Prepaid rental fees	441	552	482	437
Others	1,051	639	1,452	1,039
	1,682	4,726	8,875	8,810
Less: loss allowance	(25)	—	(45)	(1)
	1,657	4,726	8,830	8,809
Total	<u>4,845</u>	<u>6,652</u>	<u>13,307</u>	<u>13,707</u>

The Company

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2021
				<i>RMB'000</i>
Include in non-current assets				
Deposits	3,012	1,605	4,295	4,834
Include in current assets				
Deposits	100	2,573	5,535	5,581
Prepaid recruitment service fee	—	962	1,406	1,628
Prepaid rental fees	346	350	482	437
Others	685	755	1,391	1,032
	1,131	4,640	8,814	8,678
Less: loss allowance	(25)	—	(45)	(1)
	1,106	4,640	8,769	8,677
Total	<u>4,118</u>	<u>6,245</u>	<u>13,064</u>	<u>13,511</u>

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ACCOUNTANT’S REPORT

19 TRADE RECEIVABLES

The Group

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables from contracts with customers.	116,717	149,135	176,715	256,614
Less: loss allowance (<i>note 3.1(b)(ii)</i>)	(1,926)	(2,851)	(4,005)	(4,437)
	<u>114,791</u>	<u>146,284</u>	<u>172,710</u>	<u>252,177</u>

For trade receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. The Group has applied simplified approach in calculating expected credit loss prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Management has assessed that during the Track Record Period, trade receivables have not had a significant increase in credit risk since initial recognition.

At 31 December 2018, 2019 and 2020 and 31 March 2021, the aging analysis of the trade receivables based on invoice date were as follows:

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0-90 days	106,823	134,011	163,732	241,053
90-180 days	5,517	12,076	5,551	9,260
180 days-1 year.	4,195	2,262	6,985	4,685
Over 1 year.	183	786	447	1,616
	<u>116,717</u>	<u>149,135</u>	<u>176,715</u>	<u>256,614</u>

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables are denominated in:				
— RMB	90,534	89,479	149,664	221,141
— USD.	26,183	59,656	27,051	35,473
	<u>116,717</u>	<u>149,135</u>	<u>176,715</u>	<u>256,614</u>

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The Company

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables from contracts with customers.....	116,717	148,660	173,290	254,108
Less: loss allowance	(1,926)	(2,848)	(3,976)	(4,423)
	<u>114,791</u>	<u>145,812</u>	<u>169,314</u>	<u>249,685</u>

For trade receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. The Company has applied simplified approach in calculating expected credit loss prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Management has assessed that during the Track Record Period, Trade receivables have not had a significant increase in credit risk since initial recognition.

At 31 December 2018, 2019 and 2020 and 31 March 2021, the aging analysis of the trade receivables based on invoice date were as follows:

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0-90 days	106,822	133,536	160,307	236,950
90-180 days	5,517	12,076	5,551	9,260
180 days-1 year.....	4,195	2,262	6,985	4,685
Over 1 year.....	183	786	447	3,213
	<u>116,717</u>	<u>148,660</u>	<u>173,290</u>	<u>254,108</u>

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables are denominated in:				
— RMB	90,534	89,798	140,332	208,024
— USD.....	26,183	58,862	32,958	46,084
	<u>116,717</u>	<u>148,660</u>	<u>173,290</u>	<u>254,108</u>

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20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Opening balance	—	46,973	27,366	27,366	—
Additions	102,000	276,249	683,238	111,685	307,381
Disposals	(56,391)	(299,065)	(712,316)	(138,958)	(307,816)
Gain on financial assets at FVPL (Note 9)	1,364	3,209	1,712	7	435
Closing balance	46,973	27,366	—	100	—

The Company

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Opening balance	—	40,613	25,279	25,279	—
Additions	95,000	275,249	683,238	110,385	307,381
Disposals	(55,729)	(292,852)	(709,291)	(135,926)	(307,816)
Gain on financial assets at FVPL . .	1,342	2,269	774	262	435
Closing balance	40,613	25,279	—	—	—

The Group entered into contracts in respect of wealth management products from banks with expected but not guaranteed rates of return ranging from 0.70% to 4.90% per annum for the Track Record Period. The Group managed and evaluated the performance of these investments on a fair value basis, in accordance with the Group’s risk management and investment strategy and hence they have been designated as financial assets at FVPL.

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21 CASH AND CASH EQUIVALENTS

The Group

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank	173,309	286,415	429,657	382,765

Cash and cash equivalents are denominated in:

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
USD	134,219	218,448	342,343	356,317
RMB	38,974	67,635	87,086	26,294
HKD	116	58	213	3
EUR	—	274	15	151
	173,309	286,415	429,657	382,765

The Company

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank	167,995	272,306	409,472	361,806

Cash and cash equivalents are denominated in:

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
USD	129,101	206,220	322,388	335,513
RMB	38,778	66,086	87,084	26,293
EUR	116	—	—	—
	167,995	272,306	409,472	361,806

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22 SHARE CAPITAL

The Group and the Company

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Authorised, issued and fully paid	50,000	50,000	50,000	50,000

A summary of movements in the Company’s paid-in capital/share capital is as follows:

	Number of shares	Paid-in capital/ share capital
		<i>RMB’000</i>
At 1 January 2018	11,340,000	11,340
Conversion into a joint stock limited company (a)	38,660,000	38,660
At 31 December 2018	<u>50,000,000</u>	<u>50,000</u>
At 1 January and 31 December 2019 and 2020, and		
31 March 2021	<u>50,000,000</u>	<u>50,000</u>

- (a) Upon approval by the Board of Directors held on 24 August 2018, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. By reference to the Company’s net asset value at 31 May 2017, the Company issued 50,000,000 shares at a par value of RMB1 each to the shareholders. After the conversion, RMB38,660,000 of the reserve and retained earnings had been transferred to the share capital.

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23 RESERVES

The Group

	Statutory reserves	Share premium	Translation difference	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2018	8,477	489	—	20,563	29,529
Conversion into a joint stock					
Company with limited liability . . .	(8,477)	62,497	—	(20,563)	33,457
Appropriation to statutory reserves . .	8,644	—	—	—	8,644
Share-based payment	—	—	—	668	668
Currency translation differences	—	—	6	—	6
As at 31 December 2018	<u>8,644</u>	<u>62,986</u>	<u>6</u>	<u>668</u>	<u>72,304</u>
As at 1 January 2019	8,644	62,986	6	668	72,304
Adjustment for business combination					
under common control	—	—	—	1,017	1,017
Appropriation to statutory reserves . .	9,461	—	—	—	9,461
Share-based payment	—	—	—	4,001	4,001
Currency translation differences	—	—	(4)	—	(4)
As at 31 December 2019	<u>18,105</u>	<u>62,986</u>	<u>2</u>	<u>5,686</u>	<u>86,779</u>
As at 1 January 2020	18,105	62,986	2	5,686	86,779
Consideration paid for business					
combination under common					
control (<i>Note 32</i>)	—	—	—	(1,017)	(1,017)
Appropriation to statutory reserves . .	6,895	—	—	—	6,895
Share-based payment	—	—	—	10,443	10,443
Currency translation differences	—	—	(135)	—	(135)
As at 31 December 2020	<u>25,000</u>	<u>62,986</u>	<u>(133)</u>	<u>15,112</u>	<u>102,965</u>
As at 1 January 2021	25,000	62,986	(133)	15,112	102,965
Share-based payment	—	—	—	4,476	4,476
Currency translation differences	—	—	(35)	—	(35)
As at 31 March 2021	<u>25,000</u>	<u>62,986</u>	<u>(168)</u>	<u>19,588</u>	<u>107,406</u>
As at 1 January 2020	18,105	62,986	2	5,686	86,779
Currency translation differences	—	—	(463)	—	(463)
As at 31 March 2020 (Unaudited) .	<u>18,105</u>	<u>62,986</u>	<u>(461)</u>	<u>5,686</u>	<u>86,316</u>

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In accordance with the PRC regulations and the articles of association of the Group, before distributing the net profit of each year, companies registered in the PRC are required to set aside 10% of its statutory net profit for the year after offsetting any prior year’s losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of each company’s share capital, any further appropriation is optional.

The Company

	Statutory reserves	Share premium	Others	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2018	8,477	489	20,563	29,529
Conversion into a joint stock				
Company with limited liability	(8,477)	62,497	(20,563)	33,457
Appropriation to statutory reserves . . .	8,644	—	—	8,644
Share-based payment.	—	—	668	668
As at 31 December 2018	<u>8,644</u>	<u>62,986</u>	<u>668</u>	<u>72,298</u>
As at 1 January 2019	8,644	62,986	668	72,298
Appropriation to statutory reserves . . .	9,461	—	—	9,461
Share-based payment.	—	—	4,001	4,001
As at 31 December 2019	<u>18,105</u>	<u>62,986</u>	<u>4,669</u>	<u>85,760</u>
As at 1 January 2020	18,105	62,986	4,669	85,760
Appropriation to statutory reserves . . .	6,895	—	—	6,895
Share-based payment.	—	—	10,443	10,443
As at 31 December 2020	<u>25,000</u>	<u>62,986</u>	<u>15,112</u>	<u>103,098</u>
As at 1 January 2021	25,000	62,986	15,112	103,098
Share-based payment.	—	—	4,476	4,476
As at 31 March 2021	<u>25,000</u>	<u>62,986</u>	<u>19,588</u>	<u>107,574</u>
As at 1 January 2020 and				
31 March 2020 (Unaudited)	<u>18,105</u>	<u>62,986</u>	<u>4,669</u>	<u>85,760</u>

In accordance with the PRC regulations and the articles of association of the Company, before distributing the net profit of each year, companies registered in the PRC are required to set aside 10% of its statutory net profit for the year after offsetting any prior year’s losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of the Company’s share capital, any further appropriation is optional.

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24 DIVIDENDS

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Dividends, proposed and paid	—	—	60,000	—	—

On 22 May 2020, the Board recommended the payment of a dividend of RMB1.20 per ordinary share, totalling RMB60,000,000 for the year ended 31 December 2019. The proposed dividend in respect of the year ended 31 December 2019 is calculated based on the total number of shares in issue as at 15 June 2020. The payment of the proposed dividend was approved by the shareholders at the Company’s Annual General Meeting. The dividend was fully paid in 2020.

25 SHARE-BASED PAYMENTS

- (a) The Company uses the latest external financing price or relies on the third-party asset appraisal agencies to assess and determine the fair value of the equity granted by share-based payment. The difference between the fair value per share/unit capital of the Company and the cash considerations is recognised in profit or loss with a corresponding increase in equity.

On 10 April 2018, in accordance with the resolution of the Board of Directors of the Company, Mr. Xu Rujie, the ultimate controlling shareholder of the Company, and the Company’s employees Mr. Chen Lei and Mr. Fan Yang entered into a series of share transfer agreement and share grant agreement, pursuant to which Mr. Chen Lei agreed to transfer 21,531 shares, 0.1899% of the equity interests in the Company to Mr. Fan Yang of which fair value was RMB196.65 per unit capital with cash considerations of RMB10.58 per unit capital, and the equity interests should be forfeited and returned to Mr. Xu Rujie at the price granted if Mr. Fan Yang left the Company within four years. The fair value of this share-based payment expense was RMB4,006,000, and RMB668,000 was charged to administrative expenses for the year ended 31 December 2018.

The fair value of the rights at grant date RMB196.65 was estimated by taking the market price of the Company’s shares on that date.

On 25 March 2019, in accordance with the resolution of the Board of Directors of the Company, Mr. Xu Rujie and Mr. Fan Yang, entered into a share transfer agreement, pursuant to which Mr. Fan Yang transferred 94,950 shares of the Company to Mr. Xu Rujie of which fair value

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was RMB36.40 per share with cash considerations of RMB12.6382 per share. RMB3,229,000 of share-based payments expenses have been recognised in equity and administrative expenses and RMB668,000 was credited to equity and administrative expenses for the year ended 31 December 2019.

The fair value of the rights at grant date RMB36.40 was estimated by taking the market price of the Company’s shares on that date. 94,950 shares owned by Mr. Fan Yang was acquired from Mr. Chen Lei and price was RMB2.4 per share.

On 30 December 2019, in accordance with the resolution of the Board of Directors of the Company, Tianrong Dingxin (Wuhan) Equity Investment Center (limited partnership) (the “**Tianrong Dingxin**”) and Ms. Tu Qiang, an employee of the Company, entered into a share transfer agreement, pursuant to which Tianrong Dingxin agreed to transfer 250,000 shares of the Company to Ms. Tu Qiang of which fair value was RMB45.76 per share with cash considerations of RMB40.00 per share. RMB1,440,000 of share-based payments expenses have been recognised in equity and selling and distribution expenses.

The fair value of the rights at grant date RMB45.76 was estimated by taking the market price of the Company’s shares on that date.

(b) Employee equity incentive scheme

On 22 May 2020, in accordance with *the employee equity incentive scheme of Capvision Partners (Shanghai) Corporation Limited* that approved by the general meeting of shareholders of the Company, certain eligible employees of the Group (the “**Incentive target**”) were granted with shares of Yuecheng Enterprise Management (Shanghai) Partnership (Limited Partnership) (the “**Shanghai Yuecheng**”) and Yuesheng Enterprise Management (Shanghai) Partnership (Limited Partnership) (the “**Shanghai Yuesheng**”), the shareholders of the Company, as rewards for their services and in exchange for their full-time devotion and professional expertise.

1,687,063 shares with a grant price of RMB10.00 per share of the Company were granted to the Incentive target in 2020 through Shanghai Yuecheng and Shanghai Yuesheng. All the partnership shares can only be transferred or sold after 3 years of service in the Company from the date of grant.

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(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share-based payment	668	4,001	10,443	(Unaudited) —	4,476

26 TRADE PAYABLES

The Group

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accounts payable	4,898	5,590	5,596	9,056

(a) The aging analysis of trade payables at the respective consolidated balance sheet dates is as follows:

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	4,898	5,590	5,596	9,056

(b) Trade payables are denominated in:

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB	4,897	4,576	5,459	6,958
USD	1	988	136	2,074
EUR	—	26	1	17
GBP	—	—	—	7
	4,898	5,590	5,596	9,056

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The Company

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accounts payable	4,781	5,829	6,401	10,101

(a) The aging analysis of trade payables at the respective consolidated balance sheet dates is as follows:

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	4,781	5,829	6,401	10,101

(b) Trade payables are denominated in:

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB	4,781	5,500	5,459	8,705
USD	—	329	942	1,396
	4,781	5,829	6,401	10,101

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27 ACCRUALS AND OTHER PAYABLES

The Group

	As at 31 December			As at
				31 March
	2018	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payroll liabilities	17,767	20,362	32,857	21,752
Other taxes payable	11,232	34,239	43,731	13,503
Accrued expenses	2,148	2,930	4,848	2,313
Withhold housing funds, medical insurances and other social insurances	591	517	665	685
Reimbursement payables	1,357	379	355	149
Others	603	510	865	35
	<u>33,698</u>	<u>58,937</u>	<u>83,321</u>	<u>38,437</u>

The Company

	As at 31 December			As at
				31 March
	2018	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payroll liabilities	17,254	20,024	32,589	19,098
Other taxes payable	11,221	34,239	43,101	13,503
Accrued expenses	2,144	2,860	4,503	2,313
Withhold housing funds, medical insurances and other social insurances	580	517	665	685
Reimbursement payables	1,300	342	355	149
Others	586	490	182	34
	<u>33,085</u>	<u>58,472</u>	<u>81,395</u>	<u>35,782</u>

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28 DEFERRED INCOME TAXES

The Group

(i) The analysis of deferred income tax assets of the Group is as follows:

	As at 31 December			As at
	2018	2019	2020	31 March
	RMB'000	RMB'000	RMB'000	2021
Deferred income tax assets:				RMB'000
— to be recovered after more than 12 months	3,720	3,300	5,372	5,113
— to be recovered within 12 months.	748	1,439	1,210	1,036
	<u>4,468</u>	<u>4,739</u>	<u>6,582</u>	<u>6,149</u>
Set-off of deferred tax liabilities pursuant to set-off provisions.	(2,944)	(2,515)	(4,313)	(3,837)
Net deferred tax assets	<u>1,524</u>	<u>2,224</u>	<u>2,269</u>	<u>2,312</u>
Deferred income tax liabilities:				
— to be recovered after more than 12 months	2,852	2,473	4,313	3,837
— to be recovered within 12 months.	92	42	—	—
	<u>2,944</u>	<u>2,515</u>	<u>4,313</u>	<u>3,837</u>

The movement in deferred income tax assets during the Track Record Period is as follows:

	Provision of receivables	Deductible tax loss	Lease liability	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2018	366	688	3,316	—	4,370
Recognised in profit or loss	(72)	165	(420)	425	98
As at 31 December 2018	<u>294</u>	<u>853</u>	<u>2,896</u>	<u>425</u>	<u>4,468</u>
As at 1 January 2019	294	853	2,896	425	4,468
Recognised in profit or loss	134	(29)	(372)	538	271
As at 31 December 2019	<u>428</u>	<u>824</u>	<u>2,524</u>	<u>963</u>	<u>4,739</u>
As at 1 January 2020	428	824	2,524	963	4,739
Recognised in profit or loss	186	(200)	1,806	51	1,843
As at 31 December 2020	<u>614</u>	<u>624</u>	<u>4,330</u>	<u>1,014</u>	<u>6,582</u>
As at 1 January 2021	614	624	4,330	1,014	6,582
Recognised in profit or loss	64	(1)	(457)	(39)	(433)
As at 31 March 2021	<u>678</u>	<u>623</u>	<u>3,873</u>	<u>975</u>	<u>6,149</u>

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The movement in deferred income tax liabilities during the Track Record Period is as follows:

	Financial assets at FVPL	Right-of-use assets	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2018	—	3,316	3,316
Recognised in profit or loss	92	(464)	(372)
As at 31 December 2018	<u>92</u>	<u>2,852</u>	<u>2,944</u>
As at 1 January 2019	92	2,852	2,944
Recognised in profit or loss	(50)	(379)	(429)
As at 31 December 2019	<u>42</u>	<u>2,473</u>	<u>2,515</u>
As at 1 January 2020	42	2,473	2,515
Recognised in profit or loss	(42)	1,840	1,798
As at 31 December 2020	<u>—</u>	<u>4,313</u>	<u>4,313</u>
As at 1 January 2021	—	4,313	4,313
Recognised in profit or loss	—	(476)	(476)
As at 31 March 2021	<u>—</u>	<u>3,837</u>	<u>3,837</u>

The Company

(i) The analysis of deferred income tax assets of the Company is as follows:

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Deferred income tax assets:				
— to be recovered after more than 12 months	2,896	2,676	4,948	4,491
— to be recovered within 12 months .	718	1,239	1,119	1,021
	<u>3,614</u>	<u>3,915</u>	<u>6,067</u>	<u>5,512</u>
Set-off of deferred tax liabilities pursuant to set-off provisions.	(2,944)	(2,515)	(4,313)	(3,837)
Net deferred tax assets	<u>670</u>	<u>1,400</u>	<u>1,754</u>	<u>1,675</u>
Deferred income tax liabilities:				
— to be recovered after more than 12 months	2,852	2,473	4,313	3,837
— to be recovered within 12 months .	92	42	—	—
	<u>2,944</u>	<u>2,515</u>	<u>4,313</u>	<u>3,837</u>

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The movement in deferred income tax assets during the Track Record Period is as follows:

	Provision of receivables	Lease liability	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2018	366	3,316	—	3,682
Recognised in profit or loss	(73)	(420)	425	(68)
As at 31 December 2018	<u>293</u>	<u>2,896</u>	<u>425</u>	<u>3,614</u>
As at 1 January 2019	293	2,896	425	3,614
Recognised in profit or loss	135	(372)	538	301
As at 31 December 2019	<u>428</u>	<u>2,524</u>	<u>963</u>	<u>3,915</u>
As at 1 January 2020	428	2,524	963	3,915
Recognised in profit or loss	295	1,806	51	2,152
As at 31 December 2020	<u>723</u>	<u>4,330</u>	<u>1,014</u>	<u>6,067</u>
As at 1 January 2021	723	4,330	1,014	6,067
Recognised in profit or loss	(59)	(457)	(39)	(555)
As at 31 March 2021	<u>664</u>	<u>3,873</u>	<u>975</u>	<u>5,512</u>

The movement in deferred income tax liabilities during the Track Record Period is as follows:

	Financial assets at FVPL	Right-of-use assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2018	—	3,316	3,316
Recognised in profit or loss	92	(464)	(372)
As at 31 December 2018	<u>92</u>	<u>2,852</u>	<u>2,944</u>
As at 1 January 2019	92	2,852	2,944
Recognised in profit or loss	(50)	(379)	(429)
As at 31 December 2019	<u>42</u>	<u>2,473</u>	<u>2,515</u>
As at 1 January 2020	42	2,473	2,515
Recognised in profit or loss	(42)	1,840	1,798
As at 31 December 2020	<u>—</u>	<u>4,313</u>	<u>4,313</u>
As at 1 January 2021	—	4,313	4,313
Recognised in profit or loss	—	(476)	(476)
As at 31 March 2021	<u>—</u>	<u>3,837</u>	<u>3,837</u>

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29 CASH GENERATED FROM OPERATIONS

(a) Reconciliation of profit before income tax to net cash used in operations

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Profit before income tax	97,844	111,426	197,797	53,627	79,412
Adjustments for:					
— Depreciation and amortisation	11,711	13,328	15,500	3,951	3,739
— Share of loss/(profit) of investment in associates (<i>Note 13</i>)	92	(6)	14	8	—
— Gain on financial assets at FVPL (<i>Note 20</i>)	(1,364)	(3,209)	(1,712)	(7)	(435)
— Net loss on disposal of property, plant and equipment	5	—	—	—	—
— (Reversal of)/provision for impairment of financial assets	(357)	1,274	1,673	704	412
— Impairment of goodwill	—	140	—	—	—
— Share-based payment	668	4,001	10,443	—	4,476
— Foreign exchange (gains)/losses	(5,257)	(2,875)	18,910	(3,512)	(2,476)
— Finance (income)/costs — net (<i>Note 10</i>)	(228)	(830)	(767)	(557)	263
Operating cash flows before changes in working capital	103,114	123,249	241,858	54,214	85,391
Changes in working capital:					
— (Increase)/decrease in contract cost	(1,193)	21	398	(61)	404
— Increase in trade receivables	(11,562)	(32,327)	(28,062)	(48,317)	(79,956)
— Decrease/(increase) in prepayments and other receivables	8,660	(1,706)	(1,989)	(1,357)	(382)
— (Decrease)/increase in trade payables	(42)	672	6	2,090	3,460
— (Decrease)/increase in accruals and other payables	(10,719)	25,384	22,674	(1,227)	(46,182)
— Increase/(decrease) in contract liabilities	16,417	8,463	16,312	(8,997)	(7,419)
Cash generated from/(used in) operations	104,675	123,756	251,197	(3,655)	(44,684)

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(b) Net cash reconciliations

An analysis of net cash is set out below:

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	173,309	286,415	429,657	382,765
Lease liabilities	(19,308)	(16,830)	(28,870)	(25,821)
Net cash	<u>154,001</u>	<u>269,585</u>	<u>400,787</u>	<u>356,944</u>

Changes in liabilities from financing activities

Lease liabilities

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
At beginning of the year/period . . .	22,105	19,308	16,830	16,830	28,870
Cash outflows	(8,992)	(11,139)	(13,044)	(3,325)	(3,366)
Interest expense	165	758	699	175	317
New leases	6,030	7,903	24,385	—	—
At end of the year/period	<u>19,308</u>	<u>16,830</u>	<u>28,870</u>	<u>13,680</u>	<u>25,821</u>

(c) In the consolidated statement of cash flows, proceeds from sale of property and equipment and intangible assets comprise:

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Net book amount	42	33	53	—	—
Net loss on disposal of property, plant and equipment and intangible assets	(5)	—	—	—	—
Proceeds from disposal of property, plant and equipment and intangible assets	<u>37</u>	<u>33</u>	<u>53</u>	<u>—</u>	<u>—</u>

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30 BUSINESS COMBINATION

(a) Summary of acquisition

(i) Business combination not under common control

On 28 April 2017, the subsidiary Capvision Elite Limited established Capvision Europe GmbH. On 29 January 2019, Capvision Elite Limited acquired another 50% share of Capvision Europe GmbH. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	<i>RMB'000</i>
Purchase consideration (refer to (b) below):	
Cash paid.	96
Net assets of an associate	—
	96

The assets and liabilities recognised as a result of the acquisition are as follows:

	Acquisition Date Fair value
<i>RMB'000</i>	
Cash	128
Trade and other receivables.	50
Current tax recoverable.	4
Trade and other payables.	(30)
Loans	(196)
	(44)
Net identifiable assets acquired.	—
Less: non-controlling interests.	—
Add: goodwill.	140
	140
Net assets acquired	96

(ii) Business combination under common control

On 18 December 2020, the subsidiary of the Company acquired 70.59% of share capital of Capvision Pro Corporation.

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On 2 April 2019, Capvision Pro Corporation was established by Mr. Xu Rujie, the controlling shareholder of the Company. Details of the purchase consideration, the net assets acquired are as follows:

	<i>RMB’000</i>
Combination cost:	
Cash paid	9,518

The financial positions previously reported by the Group at 31 December 2019 have been restated to include the assets and liabilities of the acquired company as set out below:

	The Group (as previously reported)	Acquired business under common control	Adjustment	The Group (as restated)
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current assets	28,103	39	—	28,142
Current assets	461,001	6,112	(1,059)	466,054
Current liabilities	(158,086)	(3,796)	1,059	(160,823)
Non-current liabilities	(5,318)	—	—	(5,318)
Equity:				
Share capital	50,000	1,441	(1,441)	50,000
Reserves	256,921	914	748	258,583
Retained earnings	18,105	—	—	18,105
Non-controlling interests	674	—	693	1,367

The financial positions previously reported by the Group at 31 December 2020 have been restated to include the assets and liabilities of the acquired company as set out below:

	The Group (as previously reported)	Acquired business under common control	Adjustment	The Group (as restated)
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Investment in Capvision Pro				
Corporation	5,023	—	(5,023)	—
Non-current assets	40,930	63	—	40,993
Current assets	598,187	14,036	1,358	612,223
Current liabilities	(193,768)	(6,983)	(1,358)	(200,751)
Non-current liabilities	(17,403)	—	—	(17,403)
Equity:				
Share capital	50,000	1,441	(1,441)	50,000
Reserves	102,965	5,675	(5,675)	102,965
Retained earnings	280,004	—	—	280,004
Non-controlling interests	—	—	2,093	2,093

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(b) Purchase consideration — cash outflow

	<u>2019</u>	<u>2020</u>
	<u>Capvision Europe GmbH</u>	<u>Capvision Pro Corporation</u>
	<i>RMB’000</i>	<i>RMB’000</i>
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	(96)	(9,517)
Other payables	—	1,700
Less: Balances acquired		
Cash	128	—
Net inflow/(outflow) of cash — investing/financing activities .	<u>32</u>	<u>(7,817)</u>

31 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the Track Record Period.

(a) Name and relationship with related parties

<u>Name of related parties</u>	<u>Nature of relationship</u>
Mr. Xu Rujie (徐如傑)	One of the shareholders of the Company
Gortune Investment Co., Ltd.	A shareholder with significant influence on the Company
Capvision Rongzhi	Associate
Capvision Europe GmbH	Associate
Capvision Hawk Consulting	Associate
Capvision Partners Limited	Controlled by a shareholder of the Company

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ACCOUNTANT’S REPORT

(b) Transactions with related parties

(i) Provide consultation services to related parties

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Gortune Investment Co., Ltd.	28	—	—	—	161
Capvision Hawk Consulting	121	11	—	—	—
Capvision Rongzhi.	88	215	139	91	30
	<u>237</u>	<u>226</u>	<u>139</u>	<u>91</u>	<u>191</u>

(ii) Purchase of consultation services from related parties

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Capvision Hawk Consulting	693	40	—	—	—
Capvision Europe GmbH	5	—	—	—	—
	<u>698</u>	<u>40</u>	<u>—</u>	<u>—</u>	<u>—</u>

(iii) Repayment to related parties

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Capvision Partners Limited	<u>5,095</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

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ACCOUNTANT’S REPORT

(iv) Capital injection to related parties

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Capvision Rongzhi.	500	—	—	—	—

(v) Loan to related parties

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Capvision Europe GmbH	—	10	—	—	—

(vi) Interests income from related parties

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Capvision Europe GmbH	2	4	—	—	—

(vii) Purchase of subsidiary from related parties

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Xu Rujie (Note 30)	—	—	9,518	—	—

These related party transactions were conducted in accordance with terms as agreed between the respective related parties and us. The Directors have confirmed that all the aforementioned related party transactions during the Track Record Period were conducted on normal commercial terms that are reasonable and in the interest of our Group as a whole.

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ACCOUNTANT’S REPORT

(c) Balances with related parties

(i) Trade receivable from related parties

The Group

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2021
Capvision Rongzhi	87	89	98	130
Capvision Hawk Consulting	42	—	—	—
	129	89	98	130
Less: Provision for impairment	(1)	(1)	(1)	—
	<u>128</u>	<u>88</u>	<u>97</u>	<u>130</u>

The aging analysis of the current trade receivables based on the invoice date is as follows:

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2021
0-90 days	129	19	—	32
90-180 days	—	45	6	—
180 days-1 year	—	25	92	61
Over 1 year	—	—	—	37
	<u>129</u>	<u>89</u>	<u>98</u>	<u>130</u>

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ACCOUNTANT’S REPORT

The Company

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capvision Elite (US) Limited	—	—	8,675	11,372
Capvision Pro Corporation	—	601	656	1,744
Capvision Rongzhi	87	89	98	130
Capvision Hawk Consulting	42	—	—	—
	129	690	9,429	13,246
Less: Provision for impairment	(1)	(4)	(803)	—
	<u>128</u>	<u>686</u>	<u>8,626</u>	<u>13,246</u>

The aging analysis of the current trade receivables based on the invoice date is as follows:

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0-90 days	129	620	3,595	6,847
90-180 days	—	45	2,267	1,246
180 days-1 year.	—	25	3,567	3,518
Over 1 year.	—	—	—	1,635
	129	690	9,429	13,246

The carrying amounts of amounts due from related parties approximate their fair values.

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ACCOUNTANT’S REPORT

(ii) Other receivable from related parties

The Group

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2021</i>
Capvision Hawk Consulting	364	—	—	—
Capvision Europe GmbH.	96	—	—	—
	460	—	—	—
Less: Provision for impairment	(2)	—	—	—
	458	—	—	—
	<u>458</u>	<u>—</u>	<u>—</u>	<u>—</u>

The Company

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2021</i>
Capvision Elite Limited.	29,923	30,415	28,448	28,650
Capvision Elite (US) Limited	—	—	1,563	—
Capvision Hawk Consulting	364	—	—	—
Capvision Europe GmbH.	96	—	—	—
	30,383	30,415	30,011	28,650
Less: Provision for impairment	(2)	—	—	—
	30,381	30,415	30,011	28,650
	<u>30,381</u>	<u>30,415</u>	<u>30,011</u>	<u>28,650</u>

The carrying amounts of amounts due from related parties approximate their fair values.

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ACCOUNTANT’S REPORT

(iii) Prepayment of consultation services to related parties

The Company

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>2021</i>
Capvision Elite (US) Limited	2,450	4,056	1,095	—

(iv) Other payable to related parties

The Group

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>2021</i>
Capvision Rongzhi	500	—	—	—

The Company

	As at 31 December			As at
	2018	2019	2020	31 March
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>2021</i>
Capvision Elite Limited	20,018	20,645	17,956	19,831
Capvision Rongzhi	500	—	—	—
	<u>20,518</u>	<u>20,645</u>	<u>17,956</u>	<u>19,831</u>

The carrying amounts of other payable to related parties approximate their fair values.

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(d) Key management compensation

	Year ended 31 December			Three months ended 31 March	
	2018	2019	2020	2020	2021
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Salaries, wages and bonuses	8,806	8,833	10,159	1,312	1,364
Housing fund, medical insurance and other social insurance	814	876	888	179	287
Share-based compensation expenses	—	4,668	2,127	—	912
	<u>9,620</u>	<u>14,377</u>	<u>13,174</u>	<u>1,491</u>	<u>2,563</u>

32 SUBSIDIARIES

(a) The subsidiaries of the Group as at the date of this report are set out below:

	As at 31 December			As at 31 March
	2018	2019	2020	2021
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Investment in subsidiaries	<u>7,150</u>	<u>7,160</u>	<u>2,060</u>	<u>2,060</u>

Company name	Country/place and date of establishment	Effective interests held by the Group % as at the date of					Direct or Indirect	Principal activities
		31 December		31 March		At report date		
		2018	2019	2020	2021			
Capvision Elite Limited (i)	HK, 24 June 2015	100%	100%	100%	100%	100%	Direct	Business of consultation service
Capvision Elite (US) Limited (ii) (Note vii).	US, 13 October 2015	100%	100%	100%	100%	100%	Indirect	Business of consultation services
Capvision Financing (iii) (Note vii).	PRC, 22 May 2018	100%	100%	100%	100%	100%	Direct	Business of asset management, industrial investment, investment management services

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Company name	Country/place and date of establishment	Effective interests held by the Group % as at the date of					Direct or Indirect	Principal activities
		31	31	31	31	31		
		December 2018	December 2019	December 2020	31 March 2021	At report date		
Capvision Europe GmbH (iv) (Note vii).	GER, 28 April 2017	50%	100%	100%	100%	100%	Indirect	Business of investment consultation services, IT services, Software development services
Capvision Beijing (Note v)	PRC, 7 May 2018	51%	51%	—	—	—	Direct	Business of technology extension services
Capvision Pro Corporation (vi) (Note vii).	US, 2 April 2019	—	—	70.59%	70.59%	70.59%	Indirect	Business of consultation services

(i) On 24 June 2015, Capvision Elite Limited was incorporated by the Group in Hong Kong with an initial registered capital of HKD1. In August 2017, the registered capital was increased to HKD2,400,000.

The statutory financial statements for the year ended 31 December 2018 was audited by Linus Ng Certified Public Accountant (Practising) (吳普思執業會計師) registered in Hong Kong.

The statutory financial statements for the year ended 31 December 2019 was audited by Pivot Certified Public Accountants Limited registered in Hong Kong.

(ii) On 13 October 2015, Capvision Elite Limited established a subsidiary Capvision Elite (US) Limited in the United States, with an investment of USD20,000.

(iii) On 22 May 2018, the Company established Capvision Financing, a wholly-owned subsidiary in Ningbo, PRC, with a registered capital of RMB10,000,000 and paid-in capital of RMB20,000.

(iv) On 28 April 2017, the subsidiary Capvision Elite Limited established Capvision Europe GmbH, an associate in Germany, with registered capital of EUR25,000. On 29 January 2019, Capvision Elite Limited acquired another 50% share of Capvision Europe GmbH which became a wholly owned subsidiary of the Group since then.

(v) On 7 May 2018, the Company, Shanghai Yuezhi, Xu Rujie and other shareholders established Capvision Beijing with registered capital of RMB10,000,000. The Company acquired 51% equity interest of Capvision Beijing. On 31 August 2020, Capvision Beijing was deregistered.

The statutory financial statements for the year ended 31 December 2018 and 2019 were audited by Beijing Annuo Certified Public Accountants* (北京安諾會計師事務所) registered in PRC.

(vi) On 2 April 2019, Capvision Pro Corporation was established by Mr. Xu Rujie and other shareholders with registered capital of RMB1,441,000. On 18 December 2020, Capvision Elite (US) Limited acquired 70.59% equity interest of Capvision Pro Corporation.

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(vii) No audited financial statements have been prepared for these companies as they are newly incorporated or not required to issue audited financial statements under statutory requirements of their respective places of incorporation.

* The English name represents the best effort by management of the Group in translating their Chinese names as they do not have an official English name.

33. SUBSEQUENT EVENTS

Save as disclosed in this report, there have been no material events subsequent to the Track Record Period which require adjustment or disclosure in accordance with HKFRS.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2021 and up to the date of this report. Saved as disclosed in this report, no dividend or distribution has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2021.

APPENDIX II

[REDACTED]

[REDACTED]

APPENDIX II

[REDACTED]

[REDACTED]

APPENDIX II

[REDACTED]

[REDACTED]

APPENDIX II

[REDACTED]

[REDACTED]

APPENDIX II

[REDACTED]

[REDACTED]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, which is subject to change or adjustment and may have retrospective effect. No issues of PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty are addressed in this discussion. [REDACTED] are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

THE PRC TAXATION

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was latest amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was latest amended on December 18, 2018 (hereinafter collectively referred to as the "IIT Law"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company if the Hong Kong resident is the beneficial owner of the equity and certain other conditions are met. The Fifth Protocol of the Arrangement between the

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion issued by the State Administration of Taxation (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Enterprise Investors

In accordance with the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) issued by NPC on March 16, 2007, implemented on January 1, 2008 and subsequently amended on February 24, 2017 and December 29, 2018 and the Implementation Provisions of the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and amended in 2019 (hereinafter collectively referred to as the "CIT Law"), a nonresident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for nonresident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the nonresident enterprise when such payment is made or due. The Circular of the STA on Issues Relating to the Withholding and Remitting of Corporate Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No.897), which was issued and implemented by the STA on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas nonresident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Corporate Income Tax on Dividends Derived by Nonresident Enterprise from Holding Stock such as B Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) (Guo Shui Han [2009] No.394), which was issued by the STA and implemented on July 24, 2009, further provides that any PRC-resident enterprise listed on overseas stock exchanges

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TAXATION AND FOREIGN EXCHANGE

must withhold and remit corporate income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to nonresident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with the relevant jurisdictions, where applicable. Accordingly, payments of dividends to non-PRC enterprises (including [REDACTED]) will be subject to 10% withholding. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company if the Hong Kong resident is the beneficial owner of the equity and certain other conditions are met. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion issued by the State Administration of Taxation (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

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

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

Taxation on Share Transfer

VAT and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) (hereinafter referred to as “**Notice 36**”), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and “engaged in the services sale in the PRC” means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT. According to these regulations, if the holder is a nonresident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a nonresident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, in view of no clear regulations, whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares, there is still uncertainty in the interpretation and application of the above provisions. At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as “**Local Additional Tax**”), which shall usually equal to 12% of the VAT payable (if any).

INCOME TAX

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular of the MOF and the State Administration of Taxation on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the State Administration of Taxation on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The State Administration of Taxation has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law. However, on December 31, 2009, the MOF, the State Administration of Taxation and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of

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Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167), which came into effect on January 1, 2010, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and no such income tax was levied by PRC tax authorities in practice.

Enterprise Investors

In accordance with the CIT Law, a nonresident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for nonresident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the nonresident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》), which was issued on August 6, 1998 and latest amended on January 8, 2011, and the Implementation Provisions of Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例施行細則》), which came into effect on October 1, 1988, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

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Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

HONG KONG TAXATION

Taxation on Dividends

No tax is payable by any person or corporation under the laws of Hong Kong in respect of dividends paid by our Company.

Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisors as to their particular tax position.

Stamp Duty

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.26% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of Shares.

Estate Duty

Hong Kong estate duty was abolished effective from February 11, 2006. No Hong Kong estate duty is payable by Shareholders in relation to the Shares owned by them upon death.

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PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), which was revised on December 29, 2018 and became effective on the same date, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (Order of the State Council No.714) (《中華人民共和國企業所得稅法實施條例》(國務院令第七14號)), which was revised on April 23, 2019 and became effective on the same date, a uniform EIT rate of 25% will be applied to domestic enterprises and foreign-invested enterprises. These enterprises are classified as either resident enterprises or non-resident enterprises. Resident enterprises shall pay EIT for the income derived within and outside the PRC at a rate of 25%. For non-resident enterprises that have established institutions or places in the PRC, they shall pay EIT for the income derived from such institutions or places in the PRC, and the income derived outside the PRC but there is actual relationship with the institutions or places established in the PRC at a rate of 25%. If non-resident enterprises have not established institutions or places in the PRC, or if they have established institutions or places in the PRC but there is no actual relationship between the relevant income derived in the PRC and the institutions or places set up by them, EIT shall be applied on the income derived in the PRC at the rate of 10%.

According to the Measures for Administration of Recognition of High and New Technology Enterprise (Ministry of Science and Technology [2016] No. 32) (《高新技術企業認定管理辦法》(科學技術部[2016]32號)), an enterprise certified as a high and new technology enterprise may apply for preferential EIT rate of 15% in compliance with the EIT Law, the Regulation on the Implementation of the Enterprise Income Tax Law and other relevant laws and regulations, According to Notice on the Nationwide Promotion of Enterprise Income Tax Policies for Advanced Technology Service Enterprises (Caishui [2017] No. 79) (《關於將技術先進型服務企業所得稅政策推廣至全國實施的通知》(財稅[2017]79號)) issued by the MOF, the SAT, the Ministry of Commerce, the Ministry of Science and Technology and the NDRC on November 2, 2017, all certified advanced technology services enterprises in China shall be entitled to a reduced EIT rate of 15% with effect from January 1, 2017.

Value-added Tax

According to the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993 and latest amended on November 19, 2017 (the "**Regulations on VAT**"), and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance of the PRC (the

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“MOF”), came into effect on December 25, 1993 and latest amended on October 28, 2011, all the taxpayers engaged in sales of goods or provision of processing, repair and maintenance labor or import of goods in China shall be subject to value-added tax. Unless specified by the Regulations on VAT, for the sales or import of goods by general taxpayers, the VAT rate shall be 17%; for provision of processing, repair and maintenance labor by taxpayers, the VAT rate shall be 17%; for export of goods by taxpayers, the VAT rate shall be nil, unless otherwise provided. According to the Circular of the Ministry of Finance and the State Administration of Foreign Exchange on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which was issued on April 4, 2018 and came into effect on May 1, 2018, where a tax payer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable reduced 17% and 11% tax rates are adjusted to be 16% and 10%, respectively. According to the Announcement on Deepening Policies in relation to Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) which was promulgated on March 20, 2019 and became effective on April 1, 2019, the VAT rates are reduced to 13% and 9%, respectively.

TAXATION OF OUR COMPANY IN HONG KONG

Profits Tax

Our Company will be subject to Hong Kong profits tax in respect of profits arising in or derived from Hong Kong at the current rate of 16.5%. Dividend income derived by our Company from its subsidiaries will be excluded from Hong Kong profits tax.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations. The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Control Regulations**”), which was issued by the State Council on January 29, 1996 and implemented on April 1, 1996 classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such approval. Pursuant to the Foreign Exchange Control Regulations amended on January 14, 1997 and August 1, 2008, the PRC will not impose any restriction on international current payments and transfers. According to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the “**Settlement Regulations**”), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, it removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items.

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According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》) (the PBOC Announcement [2005] No. 16), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day. On August 5, 2008, the State Council promulgated the revised Foreign Exchange Control Regulations, which have made substantial changes to the foreign exchange supervision system of the PRC. First, it has adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities; second, it has improved the RMB exchange rate formation mechanism based on market supply and demand; third, in the event that international revenues and expenditure occur or may occur a material imbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure; fourth, it has enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to the SAFE to enhance its supervisory and administrative powers. According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank. According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

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According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of State Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents. According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13), which was issued by the SAFE on February 13, 2015 and came into effect on June 1, 2015, it has canceled two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks. According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

Circular 37

The Circular on Issues Concerning the Administration of Foreign Exchange in Offshore Investments and Financing and Return Investments by Domestic Residents 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》) (“**Circular 37**”) was promulgated and implemented by the SAFE on July 4, 2014. According to Circular 37, domestic residents, individuals and entities shall apply to the SAFE for registration of foreign exchange for offshore investment before making contributions to special purpose vehicles with domestic and overseas legal assets or equities. In addition, any domestic resident who is a shareholder of an overseas special purpose vehicle shall complete the registration formality of foreign exchange alteration for offshore investment with the SAFE in a timely manner in the event of any change of significant matters of such overseas special purpose vehicle such as capital increase/decrease, equity transfer or swap, merge and spin-off. The subsequent foreign exchange business (including remittance of profits and dividend) of a domestic resident who fails to comply with the registration requirements as set out in Circular 37 may be restricted. Domestic residents that have made contributions to special purpose vehicles with domestic and overseas legal assets or equities without the required registration of foreign exchange for offshore investment prior to the implementation of Circular 37 shall issue a letter of explanation to the SAFE containing specific reasons. The SAFE shall make a post-registration following the principles of legality and rationality, and impose administrative penalties in case of suspected violation of foreign exchange control regulations. According to the Circular on Further Simplifying and Improving Policies for the Foreign Exchange Administration Applicable to 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》), which was issued by the SAFE on February 13, 2015 and came into effect on June 1, 2015, banks that have obtained financial institution identification codes from foreign exchange authorities and have connected to the Capital Account Information System with the local foreign exchange authorities may directly handle the registration under Circular 37 and the foreign exchange authorities shall indirectly regulate the foreign exchange registration of direct investment through banks.

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

This Appendix summarizes certain aspects of PRC laws and regulations, which are relevant to our Company’s operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in “Appendix III — Taxation and Foreign Exchange” to this document. This Appendix also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain material differences between the PRC Company Law and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, certain requirements of the Listing Rules and additional provisions required by the Hong Kong Stock Exchange for inclusion in the articles of association of PRC issuers. The principal objective of this summary is to provide [REDACTED] with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which are important to the [REDACTED]. For discussion of laws and regulations which are relevant to our Company’s business, please refer to the section headed “Regulatory Overview” in this document.

PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the PRC Constitution (hereinafter referred to as the “**Constitution**”) and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance. According to the Constitution and the Legislation Law of the PRC (hereinafter referred to as the “**Legislation Law**”), the National People’s Congress (hereinafter referred to as the “**NPC**”) and its Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The Standing Committee of the NPC formulates and amends the laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection

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based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions.

Otherwise, if the law provides on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions, a decision should be made to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, PBOC, NAO and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules and regulations within the permissions of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee of the NPC shall provide interpretations or make stipulations by means of decrees. Issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process of the procuratorate should be interpreted by the Supreme People's Procuratorate, and issues related to laws other than the above-mentioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the

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administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional regulations is vested in the regional legislative and administrative authorities which promulgate such regulations.

The PRC Judicial System

Under the Constitution, the Law of Organization of the People's Court of the PRC (2018 Revision) (中華人民共和國人民法院組織法(2018修訂)) and the Law of Organization of the People's Procuratorate of the PRC (2018 Revision) (中華人民共和國人民檢察院組織法(2018修訂)), the People's Courts of the PRC are divided into the Supreme People's Court, the local people's courts at all levels and special people's courts. The local people's courts at all levels are divided into three levels, namely, the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels. The people's procuratorates of the PRC are divided into the Supreme People's Procuratorate, the local people's procuratorates at all levels, Military Procuratorates and other special people's procuratorates. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

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The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as the “**PRC Civil Procedure Law**”) adopted on April 9, 1991 and amended three times on October 28, 2007, August 31, 2012 and June 27, 2017 respectively, prescribes the conditions for instituting a civil action, the jurisdiction of the people’s court, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant’s place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people’s court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such choice shall not in any circumstances contravene the regulations of differential jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a people’s court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens or enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a people’s court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people’s court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people’s court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment against such party.

Where a party requests for enforcement of an effective judgment or ruling made by a people’s court, but the opposite party or his property is not within the territory of the People’s Republic of China, the party may directly apply to the foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or the people’s court may, in accordance with the

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or according to the principle of reciprocity, request for recognition and enforcement by the foreign court. Similarly, for an effective judgment or ruling made by a foreign court that requires recognition and enforcement by a people’s court of the PRC, a party may directly apply to an intermediate people’s court of the PRC with jurisdiction for recognition and enforcement of the judgment or ruling, or the foreign court may, in accordance with the provisions of international treaties to which its country and the PRC are signatories or in which its country is a participant or according to the principle of reciprocity, request for recognition and enforcement by the people’s court, unless the people’s court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security or would not be in social and public interest.

The Company Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies and the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas

The Company Law of the People’s Republic of China (hereinafter referred to as the “**PRC Company Law**”) was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018. The newly revised PRC Company Law has been implemented since October 26, 2018.

The Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (hereinafter referred to as the “**Special Regulations**”) were passed at the 22nd Standing Committee Meeting of the State Council on July 4, 1994 and promulgated and implemented on August 4, 1994. The Special Regulations include provisions in respect of the overseas share offering and listing of joint stock limited companies.

The Mandatory Provisions for the articles of association of Companies to be Listed Overseas (hereinafter referred to as the “**Mandatory Provisions**”) jointly promulgated by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic System on September 29, 1994 prescribe that the provisions should be incorporated in the articles of association of joint stock limited companies to be listed overseas stock exchanges. Accordingly, the Mandatory Provisions have been incorporated in the articles of association. References to a “company” made in this Appendix are to a joint stock limited company established under the PRC Company Law with H Shares to be issued. Set out below is a summary of the major provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions.

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

General

A "joint stock limited company" refers to a corporate legal person incorporated in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties. The liability of the company for its own debts is limited to the total amount of all assets it owns and the liability of its shareholders for the company is limited to the extent of the shares they subscribe for.

Incorporation

A company may be established by promotion or subscription. A company shall have a minimum of two but no more than 200 people as its promoters, over half of which must be residents within the PRC. Companies established by promotion are companies of which the registered capital is the total share capital subscribed for by all the promoters registered with the company's registration authorities. No share offering shall be made before the shares subscribed for by promoters are fully paid up. For companies established by share offering, the registered capital is the total paid-up share capital as registered with the company's registration authorities. If laws, administrative regulations and State Council decisions provide otherwise on paid-in registered capital and the minimum registered capital, a company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements. After the promoters have confirmed the capital contribution under the articles of association, a board of directors and a supervisory board shall be elected and the board of directors shall apply for registration of establishment by filing the articles of association with the company registration authorities, and other documents as required by the law or administrative regulations.

Where companies are incorporated by subscription, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided by laws or administrative regulations. A promoter who offers shares to the public must publish a document and prepare a subscription letter to be completed, signed and sealed by subscribers, specifying the number and amount of shares to be subscribed for and the subscribers' addresses. The subscribers shall pay up monies for the shares they subscribe for. Where a promoter is offering shares to the public, such offer shall be underwritten by security companies established under PRC law, and underwriting agreements shall be entered into. A promoter offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving

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banks shall receive and keep in custody the subscription monies, issue receipts to subscribers who have paid the subscription monies and is obliged to furnish evidence of receipt of those subscription monies to relevant authorities. After the subscription monies for the share issue have been paid in full, a capital verification institution established under PRC laws must be engaged to conduct a capital verification and furnish a certificate thereof. The promoters shall preside over and convene an inauguration meeting within 30 days from the date of the full payment of subscription money. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued remain undersubscribed by the deadline stipulated in the document, or where the promoter fails to convene an inauguration meeting within 30 days of the subscription monies for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription monies so paid together with the interest at bank rates of a deposit for the same period. Within 30 days after the conclusion of the inauguration meeting, the board of directors shall apply to the company registration authority for registration of the establishment of the company. A company is formally established and has the capacity of a legal person after approval of registration has been given by the relevant company registration authority for industry and commerce and a business license has been issued.

A company's promoters shall be liable for: (1) the debts and expenses incurred in the establishment process jointly and severally if the company cannot be incorporated; (2) the subscription monies paid by the subscribers together with interest at bank rates of deposit for the same period jointly and severally if the company cannot be incorporated; and (3) the compensation of any damages suffered by the company in the course of its establishment as a result of the promoters' fault.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The share offering price may be equal to or greater than the nominal value of the share, but may not be less than the nominal value.

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A company must obtain the approval of CSRC to offer its shares to the overseas public. The Special Regulations and the Mandatory Provisions provide that the shares issued to foreign investors and listed overseas by a company shall be in registered form, denominated in Renminbi and subscribed for in foreign currencies. Shares issued to foreign investors (including the investors from the territories of Hong Kong, Macau Special Administrative Region and Taiwan) and listed in Hong Kong are classified as H Shares, and those shares issued to investors within the PRC, other than these regions mentioned above, are known as domestic shares. Under the Special Regulations, upon approval of CSRC, a company may agree, in the underwriting agreement in respect of an issue of H Shares, to retain not more than 15% of the aggregate number of such overseas listed foreign shares proposed to be issued in addition to the number of underwritten shares. The issuance of retained shares is deemed to be a part of this offering. Under the PRC Company Law, a company issuing registered share certificates shall maintain a shareholder registry which sets forth the following matters: (1) the name and domicile of each shareholder; (2) the number of shares held by each shareholder; (3) the serial numbers of shares held by each shareholder; and (4) the date on which each shareholder acquired the shares.

Increase in Share Capital

Pursuant to the relevant provisions of the PRC Company Law, where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and the class and amount of the new shares proposed to be issued to existing shareholders.

When a company launches a public issue of new shares to the public upon the approval by CSRC, a new share offering document and financial accounting report must be announced and a subscription letter must be prepared. After the new shares issued by the company has been paid up, the change must be registered with the company registration authority and a public announcement must be made accordingly. Where an increase in registered capital of a company is made by means of an issue of new shares, the subscription of new shares by shareholders shall be made in accordance with the relevant provisions on the payment of subscription monies for the establishment of a company.

Reduction of Share Capital

A company shall reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law: (1) the company shall prepare a balance sheet and an inventory of assets; (2) the reduction of registered capital must be approved by shareholders at general meeting; (3) the company shall notify its creditors within 10 days and publish an announcement in newspapers within 30 days from the day on which the resolution approving the

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reduction was passed; (4) the creditors of the company are entitled to require the company to repay its debts or provide guarantees for such debts within 30 days from receipt of the notification or within 45 days from the date of the announcement if he/she/it has not received any notification; and (5) the company must apply to the company registration authority for change in registration.

Repurchase of Shares

Pursuant to the PRC Company Law, a company may not repurchase its own shares other than for the following purposes: (1) reducing its registered capital; (2) merging with other companies which hold its shares; (3) granting shares to its employees as incentives; (4) acquiring its shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger and division; (5) utilizing the shares for conversion of listed corporate bonds which are convertible into shares; and (6) where it is necessary for the listed company to safeguard the value of the company and the interests of its shareholders. The acquisition by a company of its own shares on the grounds set out in item (1) to (2) above shall be approved by way of a resolution of a shareholders' general meeting; the acquisition by a company of its own shares in circumstances as set out in items (3), (5) and (6) above may be approved by way of a resolution at a board meeting with two-third or more of the directors present in accordance with the provisions of the company's articles of association or the authorization of the shareholders' general meeting. Following the acquisition by a company of its own shares in accordance with these requirements, such shares shall be canceled within 10 days from the date of the acquisition under the circumstance in item (1); such shares shall be transferred or canceled within six months under the circumstances in items (2) or (4); the total shares held by our Company shall not exceed 10% of the total shares issued by our Company and such shares shall be transferred or canceled within three years under the circumstances in items (3), (5) or (6).

A listed company shall perform its information disclosure obligations in accordance with the provisions of the Securities Law of People's Republic of China when acquiring its own shares. The acquisition by a listed company of its own shares in circumstances as set out in items (3), (5) and (6) of this article shall be conducted through open centralized trading. Our Company shall not accept the shares of our Company as the subject of pledge.

Transfer of Shares

Shares held by shareholders may be transferred legally. Pursuant to the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in other manner specified by laws and administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the

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share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions, unless otherwise stipulated by laws on the registration of changes in the share register of listed companies. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder. The Mandatory Provision provides that changes due to share transfer should not be made to shareholder registry within 30 days before a shareholders' general meeting or within 5 days before the record date for the purpose of determining entitlements to dividend distributions.

Pursuant to the PRC Company Law, shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year from the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law, the rights of shareholders include the rights: (1) to receive a return on assets, participate in significant decision-making and select management personnel; (2) to petition the people's court to revoke any resolution passed on a shareholders' general meeting or a meeting of the board of directors that has been convened or whose voting has been conducted in violation of the laws, regulations or the articles of association, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within 60 days of the passing of such resolution; (3) to transfer the shares of the shareholders legally; (4) to attend or appoint a proxy to attend shareholders' general meetings and exercise the voting rights; (5) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the board of supervisors and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations; (6) to receive dividends in respect of the number of shares held; (7) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and (8) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

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The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

Shareholders' General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers: (1) to decide on the company's operational objectives and investment plans; (2) to elect and dismiss the directors and supervisors not being representative(s) of employees and to decide on the matters relating to the remuneration of directors and supervisors; (3) to review and approve the reports of the board of directors; (4) to review and approve the reports of the board of supervisors or the reports of the supervisors; (5) to review and approve the company's annual financial budgets proposals and final accounts proposals; (6) to review and approve the company's profit distribution proposals and loss recovery proposals; (7) to decide on any increase or reduction of the company's registered capital; (8) to decide on the issue of corporate bonds; (9) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form; (10) to amend the company's articles of association; and (11) to exercise any other authority stipulated in the articles of association.

Pursuant to the PRC Company Law and the Mandatory Provisions, a shareholders' general meeting is required to be held once every year within six months after the end of the previous accounting year. An extraordinary general meeting is required to be held within two months upon the occurrence of any of the following: (1) the number of directors is less than the number required by law or less than two-thirds of the number specified in the articles of association; (2) the total outstanding losses of the company amounted to one-third of the company's total paid-in share capital; (3) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an extraordinary general meeting; (4) the board deems necessary; (5) the board of supervisors so proposes; or (6) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director recommended by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties, the board of supervisors shall convene and preside over the shareholders' general meeting in a timely

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manner. If the board of supervisors fails to convene and preside over the shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over the shareholders' general meeting.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days prior to the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days prior to the meeting. A single shareholder who holds, or several shareholders who jointly hold, more than three percent of the shares of the company may submit an interim proposal in writing to the board of directors within 10 days before the general meeting. The board of directors shall notify other shareholders within two days upon receipt of the proposal, and submit the interim proposal to the general meeting for deliberation. The contents of the interim proposal shall fall within the scope of powers of the general meeting, and the proposal shall provide clear agenda and specific matters for a resolution is to be made. A general meeting shall not make any resolution in respect of any matter not set out in the notices. Holders of bearer share certificates who intend to attend a general meeting shall deposit their share certificates with the company during the time from five days before the meeting to the conclusion of the meeting.

In accordance with the Mandatory Provisions, a written notice of the general meeting stating, among other things, matters to be considered at the meeting as well as the time and venue of the meeting shall be given to all shareholders 45 days before the meeting. A shareholder who intends to attend the meeting shall deliver his written reply regarding his attendance of the meeting to the company 20 days before the date of the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting, although the Special Regulations and the Mandatory Provisions provide that a company's general meeting may be convened when written replies to the notice of that meeting from shareholders holding shares representing no less than 50% of the voting rights in the company have been received 20 days before the proposed date. If that 50% level is not achieved, the company shall notify shareholders again within five days by announcement of the matters to be considered at the meeting as well as the date and venue of the meeting, and the general meeting may be held by the company thereafter.

Pursuant to the PRC Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, save that our Company's shares held by the company are not entitled to any voting rights.

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An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, in each case of which must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company and such other matters must be approved by way of resolution of the general meeting, the board of directors shall convene a shareholders' general meeting promptly to vote on such matters. A shareholder may entrust a proxy to attend the general meeting on his/her behalf. The proxy shall present the shareholders' power of attorney to the company and exercise voting rights within the scope of authorization. Minutes shall be prepared in respect of matters considered at the general meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Pursuant to the Mandatory Provisions, the increase or reduction of share capital, the issuance of shares of any class, warrants or other similar securities and bonds, the division, merger, dissolution and liquidation of the company, the amendments to the articles of association and any other matters, which, as resolved by way of an ordinary resolution of the general meeting, may have a material impact on the company and require adoption by way of a special resolution, must be approved through special resolutions by more than two-thirds of the voting rights held by shareholders (including his/her proxies) present at the meeting.

The Mandatory Provisions require a special resolution to be passed at the general meeting and a class meeting to be held in the event of a variation or derogation of the class rights of a shareholder class. For this purpose, holders of domestic shares and H shares are deemed to be shareholders of different classes.

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Board of Directors

A company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include staff representatives, who shall be democratically elected by the company's staff at a staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly reelected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of director results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers: (1) to convene shareholders' general meetings and report on its work to the shareholders' general meetings; (2) to implement the resolutions passed by the shareholders at the shareholders' general meetings; (3) to decide on the company's operational plans and investment proposals; (4) to formulate proposal for the company's annual financial budgets and final accounts; (5) to formulate the company's profit distribution proposals and loss recovery proposals; (6) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds; (7) to formulate proposals for the merger, division or dissolution of the company or change of corporate form; (8) to decide on the setup of the company's internal management organs; (9) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations; (10) to formulate the company's basic management system; and (11) to exercise any other authority stipulated in the articles of association.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within 10 days of receiving such proposal and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization. Meanwhile, the board of directors shall keep minutes of resolutions passed at board meetings. The minutes shall be signed by the directors present at the meeting.

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If a resolution of the board of directors violates the laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company: (1) a person who is unable or has limited ability to undertake any civil liabilities; (2) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence; (3) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise; (4) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; and (5) a person who is liable for a relatively large amount of debts that are overdue.

Where a company elects or appoints a director to which any of the above circumstances, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

In addition, the Mandatory Provisions further provide other circumstances under which a person is disqualified from acting as a director of a company, including: (1) the person is under investigation by the judicial authorities after a claim has been brought for violating the criminal law, pending conclusion of the case; (2) the person is not eligible for enterprise leadership under the laws and administrative regulations; (3) the person is not a natural person; and (4) no more than five years have lapsed since the person was found guilty of violating relevant securities regulations and involved in fraud or dishonesty as adjudged by relevant regulatory authorities.

Under the PRC Company Law, the board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing, or is not performing his/her duties,

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the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing, or is not performing his/her duties, a director jointly elected by more than half of the directors shall perform his/her duties.

Supervisory Board

A company shall have a supervisory board composed of not less than three members. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The supervisory board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory board shall be elected by more than half of all the supervisors. Directors and senior management members shall not act concurrently as supervisors.

According to the Reply of the Overseas Listing Department of CSRC and the Production System Department of the State Commission for Restructuring the Economic System on Opinions Concerning the Supplement and Amendment to Articles of Association by Companies to Be Listed in Hong Kong (《中國證監會海外上市部、國家體改委生產體制司關於到香港上市公司對公司章程作補充修改的意見的函》), the chairman of the supervisory board shall be selected by more than two-thirds of all the supervisors. Directors and senior management members shall not act concurrently as supervisors.

The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing, or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing, or is not performing his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over supervisory board meetings.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisor results in the number of supervisors being less than the quorum. The supervisory board may exercise its powers: (1) to review the company's financial position; (2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated

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laws, regulations, the articles of association or resolutions of the shareholders' general meetings; (3) when the acts of a director or a senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts; (4) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law; (5) to submit proposals to the shareholders' general meetings; (6) to bring actions against directors and senior management personnel pursuant to the relevant provisions of the PRC Company Law; and (7) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Management

Under the relevant requirements of the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. Meanwhile, under the relevant requirements of the Mandatory Provisions, the manager, who reports to the board of directors, may exercise his/her powers: (1) to manage the production and operation and administration of the company and arrange for the implementation of the resolutions of the board of directors; (2) to arrange for the implementation of the company's annual operation plans and investment proposals; (3) to formulate proposals for the establishment of the company's internal management organs; (4) to formulate the fundamental management system of the company; (5) to formulate the company's specific rules and regulations; (6) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company; (7) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors); and (8) to exercise any other authority granted by the board of directors. Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director. According to the PRC Company Law, senior management refers to manager, deputy manager, financial officer, secretary to the board of a listed company and other personnel stipulated in the articles of association.

Duties of Directors, Supervisors, General Managers and Other Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, administrative regulations and the articles of association, and shall be obliged to be faithful and diligent towards our Company. Directors, supervisors and

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management personnel are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property. Furthermore, directors and senior management are prohibited from: (1) misappropriating company funds; (2) depositing company funds into accounts under their own names or the names of other individuals; (3) loaning company funds to others or providing guarantees in favor of others supported by company's property in violation of the articles of association or without approval of the general meeting or the board of directors; (4) entering into contracts or transactions with the company in violation of the articles of association or without approval of the general meeting; (5) using their position to procure business opportunities for themselves or others that should have otherwise been available to the company or operating businesses similar to that of the company for their own benefits or on behalf of others without approval of the general meeting; (6) accepting for their own benefit commissions from a third party for transactions conducted with the company; (7) unauthorized divulgence of confidential information of the company; and (8) other acts in violation of their duty of loyalty to the company. Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes law, administrative regulation or the articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' general meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, without impeding the discharge of duties by the supervisory board or supervisors.

Where a director or senior management contravenes laws, administrative regulations or the articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate more than 1% of the company's shares consecutively for more than 180 days may request in writing that the supervisory board institute litigation at the people's court. Where the supervisory violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institute litigation at the people's court on its behalf. If the supervisory board or the board of directors refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholder(s) shall have the power to institute litigation directly at the people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company, such shareholder(s) may institute litigation at the

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people's court in accordance with the procedure described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may also institute litigation at the people's court.

The Special Regulations and the Mandatory Provisions provide that a company's directors, supervisors, manager and other senior management shall have duty of good faith to the company. They are required to faithfully perform their duties, to protect the interests of the company and not to use their positions in the company for their own benefits. The Mandatory Provisions contain detailed stipulations on these duties.

Finance and Accounting

Under the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments under the State Council. At the end of each accounting year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with laws. The financial and accounting reports shall be prepared in accordance with laws, administrative regulations and the regulations of the financial departments under the State Council. The company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the PRC company's registered capital. When the company's statutory common reserve fund is insufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made up its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

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Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board of directors before losses have been made up and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of its own shares held by it.

The premium over the nominal value per share of the company on issue and other income as required by relevant governmental department to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make up the company's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make up the company's losses. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer. The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Dismissal of Auditors

Pursuant to the PRC Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of data.

The Special Regulations require a company to engage an independent qualified accounting firm to audit the company's annual reports and to review and check other financial reports of the company. The accounting firm's term of office shall commence from the end of the shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided. Additionally, the Special Regulations require that any dividend and other distribution to shareholders of H Shares shall be declared and calculated in RMB and paid in foreign currency. Under the Mandatory Provisions, a company shall make foreign currency payments to shareholders through receiving agents.

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Amendments to the Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting. Pursuant to the Mandatory Provisions, the company may amend its articles of association according to the laws, administrative regulations and the articles of association. The amendment to articles of association involving content of the Mandatory Provisions will only be effective upon approval of the department in charge of company examination authorized by the State Council and approval of the securities regulatory department under by the State Council, while the amendment to articles of association involving matters of company registration must be registered with the relevant authority in accordance with laws.

Dissolution and Liquidation

Under the PRC Company Law, a company shall be dissolved for any of the following reasons: (1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (2) the shareholders have resolved at a shareholders' general meeting to dissolve the company; (3) the company shall be dissolved by reason of its merger or division; (4) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or (5) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

In the event of paragraph (1) above, the company may carry on its existence by amending its articles of association. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1), (2), (4) or (5) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the people's court for setting up a liquidation committee with designated relevant personnel to conduct the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

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The sort out committee may exercise following powers during the liquidation: (1) to sort out the company's assets and to prepare a balance sheet and an inventory of assets; (2) to notify the company's creditors or publish announcements; (3) to deal with any outstanding business related to the liquidation; (4) to pay any overdue tax together with any tax arising during the liquidation process; (5) to settle the company's claims and liabilities; (6) to handle the company's remaining assets after its debts have been paid off; and (7) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification.

A creditor shall report all matters relevant to his claimed creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim. Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or the people's court for verification, and to the company registration authority for the cancellation of company registration, and an announcement of its termination shall be published. Members of the liquidation committee shall be faithful in the discharge of their duties and shall perform their liquidation duties in compliance with laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee who have caused the company or its creditors to suffer from

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any loss due to intentional fault or gross negligence, should be liable for making compensations to the company or its creditors. In addition, liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

The shares of a company shall only be listed overseas after obtaining approval from CSRC, and the listing must be arranged in accordance with procedures specified by the State Council. Pursuant to the Special Regulations, a company may issue shares to overseas investors and list its shares overseas upon approval from CSRC. Subject to approval of the company's plans to issue overseas listed foreign shares and domestic shares by CSRC, the board of directors of the company may make arrangement to implement such plans for issuance of shares, respectively, within fifteen months from the date of approval by CSRC. In addition, if a company fails to issue all the shares as planned in one issue, it is not allowed to issue new shares not covered by the plan. If a company needs to adjust the issue plan, the shareholders' general meeting shall adopt a resolution for the examination by the company examination and approval department authorized by the State Council and the approval by the Securities Committee of the State Council.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s). A separate procedure regarding the loss of share certificates and H Share certificates of the overseas listed foreign shareholders of the PRC is provided for in the Mandatory Provisions, details of which are set out in the articles of association.

Merger and Division

Under the PRC Company Law, a merger agreement shall be signed by merging companies and the involved companies shall prepare respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in Newspapers within 30 days. A creditor may, within 30 days from the date of reception of the notification, or within 45 days from the date of the announcement if he has not received such notification, request the company to settle any outstanding debts or provide corresponding guarantees.

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In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company. In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the registration as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

The PRC Securities Laws, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of the Shares and disclosure of information. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering CSRC. CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and CSRC and reformed CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) govern the application and approval procedures for public offerings of shares, issuing of and trading of shares, the acquisition of listed companies, deposit, clearing and transfer of shares, the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

On December 25, 1995, the State Council promulgated the Special Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的特別規定》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

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The PRC Securities Law (《中華人民共和國證券法》) (the “**Securities Law**”) took effect on July 1, 1999 and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The latest Securities Law was implemented on March 1, 2020. It was the first national securities law in the PRC, and is divided into 14 chapters and 226 articles comprehensively regulating activities in the PRC securities market, including the issue and trading of securities, takeovers by listed companies and the duties and responsibilities of the securities exchanges, securities companies, securities clearing institutions and securities regulatory authorities. Article 224 of the PRC Securities Law provides that domestic enterprises shall satisfy the relevant requirements of the State Council when it issues shares or lists shares outside the PRC directly or indirectly. Currently, the issue and trading of foreign issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (2017 Amendment) (《中華人民共和國仲裁法(2017修正)》) (the “**PRC Arbitration Law**”) was enacted by the Standing Committee of the NPC on August 31, 1994, which became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. It is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration provisions in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the involved parties have agreed to settle disputes by means of arbitration, a people’s court will refuse to handle a legal proceeding initiated by one of the parties at such people’s court, unless the arbitration agreement has lapsed.

The Listing Rules and the Mandatory Provisions require an arbitration clause to be included in the articles of association of a company listed in Hong Kong and, the Listing Rules, also require contracts between the company and each director or supervisor shall include arbitration clauses. Pursuant to such clause, whenever a dispute or claim arises from right or obligation provided in the articles of association, the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the company between (1) a holder of overseas listed foreign shares and the company; (2) a holder of overseas listed foreign shares and a holder of domestic shares; or (3) a holder of overseas listed foreign shares and the company’s directors, supervisors or other management personnel, such parties shall be required to refer such dispute or claim to arbitration at either the China International Economic and Trade Arbitration Commission (“**CIETAC**”) or the Hong Kong International Arbitration Center (“**HKIAC**”). Disputes in respect of the definition of shareholder and disputes in relation to the company’s shareholder registry need

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not be resolved by arbitration. If the party seeking arbitration elects to arbitrate the dispute or claim at the HKIAC, then either party may apply to have such arbitration conducted in Shenzhen in accordance with the securities arbitration rules of the HKIAC.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If one party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. However, the people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration tribunal, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement or outside the jurisdiction of the arbitration commission).

Any party seeking to enforce an award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the relevant matters for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") passed on June 10, 1958 pursuant to a resolution passed by the Standing Committee of the NPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the Standing Committee of the NPC declared that (1) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (2) the New York Convention will only apply to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations. An arrangement for mutual enforcement of arbitral awards between Hong Kong and the Supreme People's Court of China was reached. The Supreme People's Court of China adopted the Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region on June 18, 1999, which went into effect on February 1, 2000. The arrangements reflects the spirit of the New York Convention. Under the arrangements, the awards by the Mainland arbitral bodies recognized by Hong Kong may be enforced in Hong Kong and the awards by the Hong Kong arbitral bodies may also be enforced in the Mainland China. If the Mainland court finds that the enforcement of awards made by the Hong Kong arbitral bodies in the Mainland will be against public interests of the Mainland, the awards may not be enforced.

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SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong laws applicable to a company incorporated in Hong Kong are the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance and are supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a [REDACTED] on the Stock Exchange, our Company is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law. Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Incorporation of Corporate

Under Hong Kong company law, a company with share capital, shall be incorporated by the Registrar of Companies in Hong Kong and the company will acquire an independent corporate existence upon its incorporation. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain provisions that restrict a member's right to transfer shares. A public company's articles of association do not contain such provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or subscription. The amended PRC Company Law which came into effect on October 26, 2018 has no provision on the minimum registered capital of joint stock companies, except that laws, administrative regulations and State Council decisions have separate provisions on paid-in registered capital and the minimum registered capital of joint stock, in which case the company should follow such provisions.

Share Capital

Under Hong Kong law, the directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company. The PRC Company Law provides that any increase in our registered capital must be approved by our shareholders' general meeting and the relevant PRC governmental and regulatory authorities. There are no such minimum capital requirements on a Hong Kong company under Hong Kong law.

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Under the PRC Securities Law, a company which is approved by the relevant securities regulatory authority to list its shares on a stock exchange must have a total share capital of not less than RMB30 million. There is no such restriction on companies incorporated in Hong Kong under Hong Kong law.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, appraisals and transfer procedures of property rights must be carried out to ensure no over-valuation or under-valuation of the assets. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on Shareholding and Transfer of Shares

Under PRC law, our Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for and traded by the government or government authorized departments, PRC legal persons, natural persons, qualified foreign institutional investors, or eligible foreign strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a foreign currency other than Renminbi, may only be subscribed for, and traded by investors from Hong Kong, Macau Special Administrative Region or Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. However, qualified institutional investors and individual investors may trade Southbound Hong Kong trading Link and Northbound Shanghai trading Link (or the Northbound Shenzhen trading Link) shares via participating in Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in issue prior to the public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares in a joint stock limited company held by its directors, supervisors and senior management transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such person has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholder disposal of shares.

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Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain special restrictions provisions on a company and its subsidiaries on providing aforesaid financial assistance similar to those under the Hong Kong company law.

Variation of Class Rights

The PRC Company Law has no special provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate separate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedure required to be followed in respect thereof. These provisions have been incorporated in the Articles of Association.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders representing at least 75% of the total voting rights of holders of the relevant class of shares, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Directors, Senior Management and Supervisors

The PRC Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on interested contracts and specify the circumstances under which a director may receive compensation for loss of office.

Supervisory Board

Under the PRC Company Law, a joint stock limited company's directors and members of the senior management are subject to the supervision of supervisory board. There is no mandatory requirement for the establishment of supervisory board for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers,

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to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative Action by Minority Shareholders

According to Hong Kong law, as permitted by court, shareholders may initiate a derivative action on behalf of the company against directors who have any misconduct to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their obligations and cause damages to a company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory board to initiate proceedings in the people's court. In the event that the supervisory board violates their obligations and cause damages to company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of aforesaid written request from the shareholders, if the supervisory board or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days from the date of receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Mandatory Provisions also provide further remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors of the company in default.

Protection of Minorities

Under Hong Kong law, a shareholder who complains that the business of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the Court to make an appropriate order to give relief to the unfairly prejudicial conduct. Alternatively, pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a shareholder may seek to wind up the company on the just and equitable ground. In addition, on the

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application of a specified number of members, the Financial Secretary may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated or registered in Hong Kong.

According to the PRC Company Law, in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss to the interest of its shareholders, and where this cannot be resolved through other means, the shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the people's court for the dissolution of the company. The Mandatory Provisions, however, contains provisions that a controlling shareholder may not exercise its voting rights in a prejudicial manner to the interests of the entire or part of shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

Notice of Shareholders' General Meetings

Under the PRC Company Law, notice of a shareholders' annual general meeting and an extraordinary shareholders meeting must be given to shareholders at least 20 days and 15 days before the meeting, respectively. Under the Special Regulations and the Mandatory Provisions, at least 45 days' written notice must be given to all shareholders before the meeting and shareholders who wish to attend the meeting must send their writing replies to the company at least 20 days before the date of the meeting.

For a company incorporated in Hong Kong, the minimum period of notice is 14 days in the case of an annual general meeting. Further, where a meeting involves consideration of a resolution requiring special notice, the company must also give its shareholders notice of the resolution at least 14 days before the meeting. The notice period for the annual shareholders' general meeting is 21 days.

Quorum for Shareholders' General Meetings

Under the Companies Ordinance, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provided. For companies with only one shareholder, the quorum must be one shareholder. The PRC Company Law does not specify the quorum for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that general meetings may only be convened after replies to the notice of that meeting have been received from shareholders whose shares represent at least 50% of the voting rights at least 20 days before the proposed date of the meeting, or if the replies of

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shareholders is not reached 50% of the voting rights, the company shall within five days notify its shareholders again by way of a public announcement and the shareholders' general meeting may be held thereafter.

Voting

Under the Companies Ordinance, an ordinary resolution is passed by a simple majority of affirmative votes cast by shareholders present in person, or by proxy, at a general meeting, and a special resolution is passed by not less than three-fourths of affirmative votes casted by shareholders present in person, or by proxy, at a general meeting.

Under the PRC Company Law, the passing of any resolution requires more than one-half of the affirmative votes held by our shareholders present at a shareholders' meeting except in cases such as proposed amendments to our articles of association, increase or decrease of registered capital, merger, division, dissolution or transformation, which require two-thirds of the affirmative votes cast by shareholders present at a shareholders' general meeting.

Financial Disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly issued must publish its financial report. The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its financial statements, auditors' report and directors' report, which are to be presented before the company's annual general meeting, not less than 21 days before such meeting. A joint stock limited company is required under the PRC law to prepare its financial statements in accordance with the PRC GAAP. In addition, pursuant to the Mandatory Provisions, a company must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international accounting standards or the accounting standards of the oversea place where the shares are listed and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP. The lower of the after-tax profits of a specific fiscal year stated in the statements prepared based on the above-mentioned principles shall prevail in the allocation of such profits. The company shall publish its financial reports twice in each accounting year. An interim financial report shall be published within 60 days after the end of the first six months of each accounting year, while an annual financial report shall be published within 120 days after the end of each accounting year.

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The Special Regulations require that there should not be any contradiction between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings, share register, counterfoil of company debentures, resolutions of board meetings, resolutions of the board of supervisors and financial and accounting reports, which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving Agent

Under the PRC Company Law and Hong Kong law, dividends once declared are debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC laws this limitation period is three years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of shares dividends declared and all other monies owed by the company in respect of its shares.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its shareholders under Section 237 and Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. In addition, subject to the shareholders' approval, an intra-group wholly-owned subsidiary company may also be amalgamated horizontally or vertically under the Companies Ordinance.

Under PRC law, merger, division, dissolution or change the form of a joint stock limited company has to be approved by shareholders in general meeting.

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

Dispute Arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other hand, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC, at the claimant's choice.

Statutory Reserve Fund Withdrawal

Under the PRC Company Law, when a joint stock limited company allocating the after-tax profits of the current year, our Company shall allocate (10) ten percent of its profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong law.

Remedies of our Company

Under the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Fiduciary Duties

In Hong Kong, directors owe fiduciary duties to the company, including the duty not to act in conflict with the company's interests. Furthermore, the Companies Ordinance has codified the directors' statutory duty of care. Under the PRC Company Law, directors, supervisors and senior management should be loyal and diligent. Under the Mandatory Provisions, directors, supervisors and senior management are not permitted, without the approval of the shareholders' general meeting, to engage in any activities which compete with or damage the interests of their company.

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days under certain circumstances) in a year, whereas, as required by the PRC Company Law and the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a shareholders' general meeting or within five days before the base date set for the purpose of distribution of dividends.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

This appendix contains the summary of the principal provisions of the Articles of Association adopted by the Shareholders of our Company on [•], 2021 in accordance with applicable laws and regulations, and will become effective on the date that the H Shares are [REDACTED] on the Stock Exchange. The main purpose of this appendix is to provide an overview of our Company's Articles of Association for [REDACTED], so it may not contain all the information that is important to [REDACTED].

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Power to allocate and issue shares

The Articles of Association does not contain clauses that authorize our Board of Directors to allot or issue shares. Our Board of Directors shall prepare proposals for share allotment or issuance, which are subject to Shareholders' approval in general meeting in the form of a special resolution. Any such allotment or issuance shall be in accordance with the procedures stipulated in applicable laws and administrative regulations.

Power to dispose of the PRC issuer's or its subsidiaries' assets

Upon a disposal of the fixed assets by our Board of Directors, if the sum of the expected value of the fixed assets to be disposed of, and the aggregate value received from the fixed assets of our Company disposed of within the four months immediately preceding this proposal for disposal exceeds 33% of the value of fixed assets indicated on the latest audited balance sheet submitted to the Shareholders' general meeting, our Board of Directors shall not dispose of or agree to dispose of such fixed assets without the prior approval of the Shareholders' general meeting.

The above disposal of fixed assets refers to the transfer of rights and interests in certain assets, but does not include the provision of guarantees with fixed assets.

The validity of the transactions with respect to the disposal of fixed assets by our Company shall not be affected by the violation of the above restrictions found in the Articles of Association.

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SUMMARY OF ARTICLES OF ASSOCIATION

Compensation or payments for loss of office

It shall be provided in the written contract entered into between our Company and our Directors or Supervisors in connection with their emoluments that they are entitled to compensation or other payments for loss of office or retirement as a result of the acquisition of our Company, subject to the approval of the Shareholders' general meeting in advance. Acquisition of our Company refers to any of the following circumstances:

- (I) an acquisition offer made to all of the Shareholders by any person; or
- (II) an acquisition offer made by any person such that the said person will become the Controlling Shareholder. The definition of Controlling Shareholder is consistent with that in the Articles of Association.

If the relevant Director or Supervisor fails to comply with the requirements stipulated within this provision, any payment received by such Director or Supervisor shall belong to the person who sells the Shares for accepting the aforesaid offer. The Director or Supervisor shall bear all expenses arising from the distribution of such payments in a proportional manner and all related expenses shall not be deducted from these payments.

Loans to Directors, Supervisors and other senior management

Our Company shall neither provide our Directors, Supervisors, the managers or other senior management of our Company or the parent company with loans or loan guarantees either directly or indirectly; nor provide persons related to the above personnel with loans or loan guarantees.

The preceding provisions shall not apply in the following circumstances:

- (I) Our Company provides loans its subsidiaries or our Company provides loan guarantees for its subsidiaries;
- (II) Our Company provides our Directors, Supervisors, the manager and other senior management with loans, loan guarantees or other funds pursuant to the appointment contracts approved at the Shareholders' general meeting to pay the expenses incurred for the purpose of our Company or performing his or her duties to our Company; and

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

(III) In case that the normal scope of business of our Company covers the provision of loans or loan guarantees, our Company may provide our Directors, Supervisors, the manager or other senior management or his or her related personnel with loans or loan guarantees, provided that conditions for provision of loans and loan guarantees shall be normal commercial conditions.

As for such loans provided by our Company in violation of the preceding provisions, the person who receives the loan(s) must forth with repay such loan(s) immediately, regardless of the terms of said loans.

Any guarantee for a loan provided by our Company in violation of the above requirements shall not be mandatorily enforced against our Company, except under the following circumstances:

- (I) Provision of loans to personnel related to our Directors, Supervisors, the manager and other members of senior management of our Company or its parent company and the loan provider has no knowledge of the relevant circumstances at the time of making the loan;
- (II) The loan provider has lawfully sold the collateral provided by our Company to a bona fide purchaser.

For the purpose of the above, guarantee includes the acts of the guarantor bearing the liabilities or providing properties to ensure that the obligor performs the obligations.

Borrowing powers

The Articles of Association (a) do not contain any specific provision in respect of the manner in which borrowing powers may be exercised by our Directors (other than provisions which give our Directors the power to formulate proposals for the issue of bonds by our Company); and (b) provisions which provide that the issue of bonds must be approved by the Shareholders' general meeting by way of a special resolution.

Provision of financial assistance to purchase the shares of our Company

Our Company or its subsidiaries shall not provide any financial aid at any time or in any manner to any person that acquires or plans to acquire the shares of our Company. Such person includes anyone who undertakes obligations, directly or indirectly, resulting from acquiring the Shares.

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Our Company or its subsidiaries shall not provide the person mentioned in the preceding paragraph with financial aid at any time or in any manner, to mitigate or discharge the obligations of the abovementioned obligor.

The following activities are not deemed as activities prohibited by the preceding provision:

- (I) Related financial aid provided by our Company is genuinely for the interest of our Company and the main purpose of the financial aid is not to acquire the shares of our Company, or such financial aid is an incidental part of a master plan of our Company;
- (II) The lawful distribution of our Company's properties by way of dividends;
- (III) Distribution of dividends in the form of Shares;
- (IV) Reducing the registered capital, repurchasing the shares or adjusting the shareholding structure, etc. pursuant to the Articles of Association;
- (V) Our Company providing loans within its scope of business and in the ordinary course of its business (provided that such loans shall not result in a reduction of the net assets of our Company or even if the net assets are reduced, such financial aid is provided out of the distributable profit of our Company);
- (VI) Our Company providing the employee stock ownership plan with funding (provided that such funds shall not result in reduction in the net assets of our Company or even if the net assets are reduced, such financial aid is provided out of the distributable profit of our Company).

The financial aid mentioned above includes but not limited to the following approaches:

- (I) Gifts;
- (II) Provision of guarantees (including acts of the guarantor assuming liabilities or providing properties to ensure that the obligor performs the obligations), provision of compensation (excluding compensation arising out of our Company's own fault), release or waiver of rights;
- (III) Provision of loans or signing of contracts whereby our Company performs obligations before others, change of the parties to the loans or contracts as well as the transfer of the rights under the loans or contracts;

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SUMMARY OF ARTICLES OF ASSOCIATION

(IV) Financial aid provided by our Company in any other manner when it is insolvent, has no net assets, or when its net assets would thereby be reduced to a material extent.

The abovementioned assuming obligations includes an instance where an obligator undertakes obligations by entering into contracts or making arrangements (no matter whether the contracts or arrangements are mandatorily enforceable or whether the obligator bears the obligations by himself or herself or jointly with any other person) or changing its financial status in any other manner.

Disclosure of interests in contracts with the PRC issuer or its subsidiaries

A Director, Supervisor, Manager and other members of senior management of our Company who directly or indirectly has material interests in any contracts, transactions or arrangements executed or proposed to be executed with our Company (except for the appointment contracts of service between the Directors, Supervisors, Manager and other members of senior management and our Company), shall, as soon as possible, disclose to our Board of Directors, the nature and extent of his interest, regardless of whether or not such matters require the approval of our Board of Directors under the normal circumstance.

Unless the interested Directors, Supervisors, Manager and other members of senior management of our Company have made such disclosure to our Board of Directors as required by the preceding paragraph of this article, and the relevant matter has been approved by our Board of Directors at the Board meeting in which such Directors, Supervisors, Manager or other members of senior management have not been counted into the quorum and voted at the meeting, our Company shall be entitled to rescind such contracts, transactions or arrangements, except as to any other party which is a bona fide party without knowledge of the violation of duties on the part of such Directors, Supervisors, Manager and other members of senior management.

Where related personnel of our Directors, Supervisors, Manager and other members of senior management have interests in certain contracts, transactions or arrangements, such Directors, Supervisors, Manager and other members of senior management shall also be deemed to have interests.

Remuneration

Our Company shall enter into written agreements with the Directors and Supervisors of our Company regarding remuneration, which shall be subject to prior approval of the Shareholders' general meeting. The foregoing remuneration matters include:

- (I) Remuneration for providing services as the Directors, Supervisors or members of senior management of our Company;

APPENDIX V**SUMMARY OF ARTICLES OF ASSOCIATION**

- (II) Remuneration for providing services as the Directors, Supervisors or members of senior management of the subsidiaries of our Company;
- (III) Remuneration for providing other services for management of our Company and its subsidiaries;
- (IV) Compensation received by our Directors or Supervisors as a result of loss of position or retirement.

Except under a contract entered into in accordance with the foregoing paragraph, no proceedings may be brought by a Director or Supervisor against our Company for any benefits due to him in respect of the above matters.

Appointment, Removal and Retirement

A person may not serve as the Director, Supervisor, manager or one of the member of other senior management of our Company if:

- (I) a person without legal or with restricted legal capacity;
- (II) a person who has been found guilty of sentenced for corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order where less than a term of 5 years have elapsed since the sentence was served; or a person who has been deprived of his political rights, in each case where less than 5 years have elapsed since the sentence was served;
- (III) a person who is a former director, factory manager or general manager of a company or enterprise which has been entered into insolvent liquidation because of mismanagement and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (IV) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than 3 years has elapsed since the date of the revocation of the business license;
- (V) a person who has a relatively large amount of debts due and outstanding;

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- (VI) a person who is under criminal investigation by judicial organization for the violation of the criminal law which is not yet concluded;
- (VII) a person who is not eligible to act as a leader of an enterprise according to laws and administrative regulations;
- (VIII) a non-natural person;
- (IX) a person convicted of the contravention of provisions of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than 5 years has elapsed since the date of the conviction.

The validity of any act carried out by a Director, manager or other members of senior management of our Company on our Company's behalf to a bona fide third party shall not be affected by any irregularity in his office, election or any defect in his qualifications.

The fiduciary duty of a Director, Supervisor, manager and other senior management of our Company may not necessarily cease upon the conclusion of his term, and their obligations to keep the commercial secrets of our Company shall survive beyond the conclusion of his term. The duration of other obligations and duties shall be determined in accordance with the principle of fairness, taking into account the lapse between the time when a Director, Supervisor, Manager or other members of senior management of our Company leaves the office and the occurrence of the relevant event, and the situation and the circumstances under which his relation with our Company was ceased.

The Shareholders may by informed decisions at the general meeting to discharge the liability of any Director, Supervisor, Manager and any other members of senior management of our Company as a result of violation of any specific duty, except for the circumstances as specified in the Articles of Association.

Our Company shall have a Board of Directors consisting of 9 Directors, of which there shall be 1 chairman, 1 vice chairman and 3 independent non-executive directors. Directors shall be elected at the general meeting, with a term of three years. Directors may be eligible for re-election upon expiration of the term.

A written notice of the intention of nomination of a Director candidate and of his willingness to be elected shall be sent to our Company seven days prior to the date of the general meeting.

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Without violating the relevant laws, regulations and regulatory rules in connection with the our Company, the term of appointment of the newly elected director to fill a casual vacancy in our Board or any director appointed so as to increase the number of directors will be effective from the date of appointment to the next annual general meeting of our Company and such director will then be eligible for re-election. The Chairman and the Vice Chairman shall be elected and removed with approval of more than half of all the directors.

The Chairman and the Vice Chairman shall hold office for a period of three years and are eligible for re-election.

A Director needs not to hold the shares of our Company.

There is no provisions in the Articles of Association relating to retirement of Directors upon reaching any age limit.

Our Board of Directors shall consist of at least three independent non-executive Directors, representing at least one-third of its total number; and at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. Moreover, at least one of the independent non-executive Directors must be ordinarily resident in Hong Kong.

ALTERATIONS TO CONSTITUTIONAL DOCUMENTS

Our Company may amend the Articles of Association based on the provisions of the laws, administrative regulations and Articles of Association.

Where the amendments to the Articles of Association involve the contents of the Mandatory Provisions, it shall not take effect until approved by the competent company examinations department authorized by the State Council and the CSRC; where the amendment of the Articles of Association involves our Company's registration, it shall be necessary to carry out the lawfully prescribed procedures for a change in registration.

VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

Shareholders who hold different classes of shares shall be known as class shareholders.

Class shareholders shall be entitled to rights and assume obligations according to the provisions of laws, regulations and the Articles of Association.

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Where the capital of the issuer includes shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares.

Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

Rights conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of Shareholders at a general meeting, and by the class shareholders so affected at a separate meeting conducted according to the Articles of Association. The quorum for such separate class meeting (other than an adjourned meeting) shall be the holders of at least one-half of the issued shares of the class.

The following circumstances shall be deemed as a variation or abrogation of rights of a class shareholder:

- (I) an increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of another class having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;
- (II) the conversion of all or part of the shares of such class into the shares of another class or the conversion or creation of a right of conversion of all or part of the shares of another class into the shares of such class;
- (III) the removal or reduction of rights to receive accrued dividends or rights to cumulative dividends attached to the shares of such class;
- (IV) the reduction or removal of the preferential rights attached to the shares of such class for the receipt of dividends or for the distribution of assets in the event that our Company is liquidated;
- (V) the addition, removal or reduction of the rights of conversion, options rights, voting rights, transfer rights, pre-emptive rights, or rights to acquire securities of our Company attached to the shares of such class;
- (VI) the removal or reduction of the rights to receive payment receivable from our Company in the particular currencies attached to the shares of such class;
- (VII) the creation of a new class of shares having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;

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- (VIII) the restriction of the transfer or ownership of the shares of such class or the imposition of stricter restrictions thereof;
- (IX) the issue of any rights to subscribe for, or to convert into, shares in our Company of the same class or another class;
- (X) the enhancement of rights or privileges of the shares of other classes;
- (XI) the restructuring of our Company pursuant to which shareholders of different classes assume disproportionate liability;
- (XII) the revision or abrogation of the provisions of this Chapter.

The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting, shall nevertheless be entitled to vote at any class meeting with respect to matters set forth in Clauses (II) to (VIII), (XI) to (XII) above, but interested shareholder(s) shall not be entitled to vote in class meetings.

Apart from the holders of other classes of shares, holders of domestic shares and holders of non-listed foreign shares shall be deemed to be of the same class; holders of domestic shares and holders of overseas listed foreign shares shall be deemed to be of different classes; and holders of non-listed foreign shares and holders of overseas listed foreign shares shall be deemed to be of different classes.

The special procedures for voting of class shareholders shall not apply under the following circumstances:

- (I) where, upon approval by a special resolution passed at a general meeting (subject to the unconditional authorization or the terms and conditions stipulated in the resolution), our Company authorizes, allocates or issues domestic shares and overseas listed foreign shares either separately or concurrently once every twelve months, and the number of each of the domestic shares and overseas listed foreign shares to be issued does not exceed 20% of the number of the respective outstanding shares;
- (II) where such shares are part of a plan of our Company to issue domestic shares or overseas listed foreign shares at its establishment, which is completed within 15 months from the approval by the CSRC or other competent regulatory bodies under the State Council;

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upon the approval by the CSRC and Stock Exchange, our Company's domestic Shareholders and non-listed foreign shareholders transfer all or part of their holdings to overseas investors and list and trade it on an overseas stock exchange, or transfer all or part of the domestic shares and non-listed foreign shares to overseas listed foreign shares and list and trade it on overseas stock exchanges.

SPECIAL RESOLUTIONS — MAJORITY REQUIRED

The resolutions of the Shareholders' general meeting are categorized as ordinary resolutions and special resolutions. An ordinary resolution can be adopted by one-half of the votes held by the Shareholders (including proxies) in attendance of the Shareholders' general meeting. A special resolution can be adopted by two-thirds majority of the votes held by the Shareholders (including proxies) in attendance of the Shareholders' general meeting.

VOTING RIGHTS (GENERALLY AND ON A POLL)

When voting at the Shareholders' general meeting, the Shareholder (or proxy) may exercise his or her voting rights in accordance with the number of Shares with voting power held with each Share representing one vote. When voting at a general meeting, Shareholders (including their proxies) who are entitled to two or more votes are not required to vote against or in favor of their total number of votes. When the number of dissenting votes equals to the number of supporting votes, no matter by a show of hands or by a vote, the chairman of the meeting is entitled to one additional vote.

REQUIREMENTS FOR GENERAL MEETINGS

The Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Our Board of Directors may convene a general meeting. The annual general meeting shall be convened once a year and be held within six months upon the end of the previous fiscal year.

ACCOUNTS AND AUDIT

Financial and accounting policies

Our Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and accounting principles of the PRC formulated by the Ministry of Finance. A financial report shall be prepared at the end of each financial year and shall be examined and verified according to laws. Our Board of Directors shall present to the Shareholders, at each annual general meeting, such financial reports as required by applicable laws,

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administrative regulations, directives promulgated by local government and competent authorities. Our Company shall make up its annual accounts to a date falling not more than 6 months before the end date of such fiscal year or the accounting reference period in respect of the annual financial statement.

Our Company's financial reports shall be made available for Shareholders' inspection at our Company 20 days prior to the date of annual general meeting. Each Shareholder of our Company is entitled to obtain a copy of the financial reports referred to in this Chapter.

The financial statements of our Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place of [REDACTED] overseas where our Company's shares are [REDACTED]. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be given in the notes to the financial statements. When our Company distributes its after-tax profits for that financial year, the lower of the after-tax profits as shown in (i) the financial statement prepared in accordance with the PRC accounting standards and regulation; or (ii) the international accounting standards or that of the place of [REDACTED] overseas where our Company's shares are [REDACTED], shall be adopted.

The interim results or financial information published or disclosed by our Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or such accounting standards in the place of [REDACTED] overseas.

Our Company shall publish the financial report twice each accounting year, namely, publish the interim financial report within 60 days after the end of the first 6 months of the accounting year, and publish the annual financial report within 120 days after the end of the accounting year. Where the relevant provisions of the stock exchange and securities regulatory authorities of the place where the shares of our Company are [REDACTED] stipulate otherwise, such provisions shall prevail. Our Company shall not establish account books other than those required by law. The assets of our Company shall not be deposited in any account opened under a personal name.

Appointment and Dismissal of Accountants

Our Company shall retain an independent accounting firm that fulfils the requirements provided by the relevant regulations of the PRC to audit our Company's annual financial report and review our Company's other financial reports. For the purposes of the Articles of Association, the accounting firm retained by our Company at any time shall be our Company's auditor.

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The term of an accounting firm retained by our Company shall commence upon the conclusion of one annual general meeting and shall sustain until the conclusion of the next annual general meeting of our Company.

The accounting firm engaged by our Company shall have the following rights:

- (I) to inspect books, records and vouchers of our Company at any time, and to require the Directors, manager and other members of senior management of our Company to provide relevant information and explanations;
- (II) to require our Company to take all reasonable steps to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties;
- (III) to attend any general meeting and to receive all notices of, and other information relating to, any general meeting which any Shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as our Company's retained accounting firm.

Irrespective of the provisions in the contract concluded between our Company and the accounting firm, the general meeting may remove the accounting firm by an ordinary resolution before the term of the accounting firm expires. Notwithstanding such provisions, the accounting firm's entitlement to claim for damages arising out of its removal shall not be affected thereby. The remuneration of an accounting firm or the manner in which such firm is to be compensated shall be decided by the general meeting. The remuneration of an accounting firm retained by our Board of Directors shall be decided by our Board of Directors. The general meeting shall decide to retain, remove or discontinue the retention of an accounting firm and file with the CSRC.

NOTICE AND AGENDA OF SHAREHOLDER'S GENERAL MEETING

The Shareholders' general meeting is the authorized organ of our Company that can perform duties and exercise powers in accordance with laws.

Without the approval of a resolution of the Shareholders' general meeting, our Company shall not enter into a contract with any person other than the Directors, Supervisors, the manager and other senior management that would make such person responsible for the management of all or the main business of our Company.

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Under any of the following circumstances, our Board of Directors shall convene an extraordinary general meeting within two months:

- (I) The number of Directors is less than the number specified in the Company Law or less than two thirds of the number required in the Articles of Association;
- (II) The uncovered losses of our Company reach one-third of its total paid-in share capital;
- (III) The Shareholders holding 10% or more issued Shares with voting rights request to convene an extraordinary general meeting in writing;
- (IV) Our Board of Directors considers it necessary or the Supervisory Committee proposes convening an extraordinary general meeting;
- (V) When more than two independent non-executive directors propose to convene a general meeting;
- (VI) When referring to items (III), (IV), and (V) above, the subjects of the general meeting proposed by the requester shall be included in the agenda of the general meeting.

When our Company convenes the annual general meeting, it shall notify the Shareholders 20 days prior to the meeting; and our Company shall notify the Shareholders 15 days prior to the extraordinary general meeting. When our Company convenes general meetings, Shareholder(s) individually or jointly holding more than three percent (inclusive of three percent) of the total voting shares of our Company will be entitled to propose new proposals in writing to our Company, which, if within the functions and powers of the general meeting, will be required to be added to the agenda of the general meeting.

The notice of the Shareholders' general meeting shall meet the following requirements:

- (I) Made in writing;
- (II) Specified the venue, date and duration of the meeting;
- (III) Specified the matters and resolutions to be deliberated at the meeting;
- (IV) Provision to the Shareholders of the materials and explanations necessary for the Shareholders to make sound decisions about the matters to be deliberated. This principle includes, but is not limited to, the provision of the detailed terms and contract(s), if any,

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of the proposed transaction(s) and serious explanations about related causes and effects when our Company proposes mergers, redemption of shares, restructuring of stock capital or other restructuring;

- (V) In the event that any of our Directors, Supervisors, the manager or other senior management has material interests at stake in matters to be deliberated, the nature and extent of the interests at stake shall be disclosed. If the matters to be deliberated affect any Director, Supervisor, the manager or other senior management as a Shareholder in a manner different from how they affect other Shareholders of the same type, the difference shall be explained;
- (VI) Inclusion of the full text of any special resolution to be proposed for adoption at the meeting;
- (VII) A clear explanation that the Shareholder is entitled to attend and vote at the general Shareholders' meeting, or to appoint one or more proxy(ies) to attend and vote at the meeting on his or her behalf and that such person(s) may not necessarily be a Shareholder(s);
- (VIII) Specified delivery time and place of the power of attorney for proxy voting of the meeting; and
- (IX) Name and telephone number of the contact person in relation to the Shareholders' general meeting.

The notice of the Shareholders' general meeting shall be sent in person or by postage paid mail, to the Shareholders (regardless of whether such Shareholders have the right to vote at the Shareholders' general meeting or not), and each recipient's address shall be according to the address indicated on the register of Shareholders. For holders of Domestic Shares, the notice of the Shareholders' general meeting may be given in the form of a public announcement.

The public announcement provided in the preceding provision shall be published in one or more newspapers designated by the CSRC twenty days prior to the annual general meeting or fifteen days prior to the extraordinary general meeting. Once the announcement is made, all holders of Domestic Shares shall be deemed to have received the notice of the Shareholders' general meeting.

In the event that the notice of the meeting is not sent to persons entitled to receive it due to accident or oversight, or such persons fail to receive notice of the meeting, the meeting and resolutions made at the meeting shall not be held invalid.

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Power of the Shareholders' General Meeting

The following matters shall be resolved by ordinary resolutions at the general meeting:

- (I) reports of our Board of Directors and our Board of Supervisors;
- (II) any plans for the distribution of profits and for recovering losses formulated by our Board of Directors;
- (III) removal of the members of our Board of Directors and Supervisors, and decision on their remuneration and methods of payment;
- (IV) preliminary and final annual budgets, balance sheets, profit accounts, and other financial statements of our Company;
- (V) our Company's annual report;
- (VI) resolutions on appointing, dismissing and not re-appointing the accounting firm;
- (VII) other matters other than those required by laws, administrative regulations, or by the Articles of Association to be approved by a special resolution.

The resolutions of the Shareholders' general meeting are categorized as ordinary resolutions and special resolutions. An ordinary resolution can be adopted by one-half of the votes held by the Shareholders (including proxies) in attendance of the Shareholders' general meeting. A special resolution can be adopted by two-thirds majority of the votes held by the Shareholders (including proxies) in attendance of the Shareholders' general meeting. The following matters shall be resolved by ordinary resolutions at the general meeting:

- (I) reports of our Board of Directors and our Board of Supervisors;
- (II) any plans for the distribution of profits and for recovering losses formulated by our Board of Directors;
- (III) removal of the members of our Board of Directors and Supervisors, and decision on their remuneration and methods of payment;
- (IV) preliminary and final annual budgets, balance sheets, profit accounts, and other financial statements of our Company;

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- (V) our Company's annual report;
- (VI) resolutions on appointing, dismissing and not re-appointing the accounting firm;
- (VII) other matters other than those required by laws, administrative regulations, or by the Articles of Association to be approved by a special resolution.

The following matters shall be resolved by special resolutions at the general meeting:

- (I) the increase or reduction in share capital and the issuance of shares of any class, warrants and other similar securities;
- (II) the issuance of debentures of our Company;
- (III) the division, merger, dissolution, liquidation or change in the form of our Company;
- (IV) the amendments to the Articles of Association;
- (V) to review and approve matters relating to the purchases, disposals of material assets, or provisions of investments or guarantees which are more than 30% of the latest audited total assets of our Company within one year;
- (VI) other matters that ordinary resolutions have been made at the general meeting indicating that resolutions regarding such matters will substantially impact our Company and such matters need to be passed by special resolutions.

Where our Shareholders request our Board to convene an extraordinary general meeting or classified Shareholders' meeting, the following procedures shall be followed:

- (I) The Shareholders who separately or jointly hold 10% or more of the Shares with voting rights may request our Board to convene an extraordinary general meeting or classified Shareholders' meeting by signing a written requirement or several copies with the same format and to illustrate the subject of the meetings. Our Board of Directors shall convene an extraordinary general meeting or classified Shareholders' meeting as soon as possible upon the receipt of the aforesaid written request. The Shareholders shall calculate the aforesaid number of shareholdings as from the date of the submission of the written requirement.

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- (II) If our Board of Directors fails to issue a notice of meeting within 30 days upon the receipt of the aforesaid written request, the Shareholders who submit the requirement may call and convene a meeting by themselves within 4 month after our Board of Directors receives the said request, of which the convening procedure shall be at best the same as if convened by our Board of Directors.

If our Shareholders call and convene a meeting by themselves due to our Board of Directors being unable to convene a meeting in accordance with the aforesaid requirement, the expenses reasonably resulted therefrom shall be borne by our Company and be deducted from the amounts due to our Directors and Supervisors as a result of loss of office. The Chairman of our Board of Directors shall preside over the general meetings. If the Chairman of our Board is unable to attend the meeting for any reason, the meeting shall be chaired by the Vice Chairman of our Board. If both the Chairman of our Board and the vice Chairman of our Board are unable to attend the meeting, our Board of Directors may appoint a director of our Company to call and chair the meeting. In the event that no chairman of the meeting is so designated, the attending Shareholders shall elect one of the directors to act as the chairman of the meeting. In the event that, for any reasons, the Shareholders fail to elect a chairman, then the Shareholder holding the largest number of the voting shares present in person or by proxy shall be the chairman of the meeting.

INCREASE OR DECREASE OF SHARE CAPITAL

Pursuant to the Articles of Association and subject to the approval by way of Shareholders' General Meeting, our Company may, based on its business and development needs, increase the capital in the following manners:

- (I) issue new shares to non-specified investors for subscription;
- (II) issue new shares to existing Shareholders;
- (III) issue bonus shares to existing Shareholders;
- (IV) convert reserve into share capital;
- (V) other manners permitted and approved under laws and administrative regulations and by the CSRC.

The increase of capital by issuing new shares shall be subject to approval as specified in the Articles of Association and follow the procedures specified by the relevant laws and regulations of the PRC.

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Our Company may reduce its registered capital in accordance with the Company Law and other relevant provisions as well as procedures stipulated in the Articles of Association. The registered capital, after the capital has been reduced, shall not be lower than the statutory minimum.

TRANSFER OF SHARES

Unless otherwise specified by laws, administrative regulations, regulations of ministries and commissions, and listing rules for stock exchanges where the Shares are [REDACTED], the Shares may be transferred freely without any lien attached.

Fully paid H shares may be freely transferred pursuant to the Articles of Association. However, unless the transfer complies with the following conditions, our Board of Directors may refuse to process with transfer documents without stating any reasons therefor:

- (I) That transferring and other documents relating to or affecting the title to any registered securities shall be registered and the fee or fees levied pursuant to the Listing Rules is/are paid to our Company;
- (II) The transferring documents relate only to H shares;
- (III) The stamp duty payable on the transferring documents has been paid;
- (IV) The relevant share certificates and the evidence as required by our Board of Directors to prove that the transferor has the right to transfer the shares have been provided;
- (V) If the shares is to be transferred to joint holders, the number of the joint holders shall not exceed four;
- (VI) The shares is free from all lien;
- (VII) No share shall be transferred to minors, mentally disabled persons or any persons without legal capacity.

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POWER OF THE PRC ISSUER TO REPURCHASE ITS OWN SHARES

Our Company may, subject to the approval of the relevant governing authorities of China, and according to the procedures set forth in the Articles of Association, repurchase its outstanding shares under the following circumstances:

- (I) Reducing the registered capital of our Company;
- (II) Merging with other companies that hold shares in our Company;
- (III) Applying the shares for the staff shareholding scheme or as share incentives;
- (IV) Shareholders who disagree with the resolutions for the merger and separation of our Company made in general meeting may demand our Company to purchase their shares;
- (V) Utilizing the Shares for conversion of corporate bonds which are convertible into shares issued by the listed companies;
- (VI) Where it is necessary for the listed companies to safeguard its value and Shareholders' interests;
- (VII) Other circumstances permitted by laws, administrative regulations, departmental regulations, and regulatory rules of the place where the Shares are listed.

Purchase of the Shares for reasons set out in Clauses (I) and (II) of this Article shall be subject to resolution at a Shareholders' general meeting. After our Company has purchased its shares in accordance with Clause (I) of this Article, such shares shall be cancelled within 10 days after purchase; When our Company has purchased its shares in accordance with Clause (II) and (IV) of this Article, such shares shall be transferred or cancelled within 6 months. Company shares purchased in accordance with Clauses (III), (V) and (VI) shall be subject to resolution at a Board meeting with the presence of two-thirds of Directors, and the aggregate number of such Company shares held by our Company shall not exceed 10% of the total number of issued shares of our Company, and such shares shall be transferred or cancelled within 3 years.

As approved by relevant authorities, our Company may repurchase its shares by the following means:

- (I) by making a general offer to all of our Shareholders for the repurchase of shares on a pro rata basis;

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- (II) by open dealing on a stock exchange;
- (III) by an off-market agreement outside of stock exchanges;
- (IV) other means approved by laws, administrative regulations and regulatory authorities.

DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

Our Company's after-tax profit shall be allocated in the following order:

- (I) the making up of any loss;
- (II) allocation to the statutory reserve fund;
- (III) setting aside of any reserves in accordance with the resolution passed at the general meeting;
- (IV) payment of ordinary share dividends. No profit shall be distributed as dividends or in any other form as bonus before making up losses and setting aside of our Company's statutory reserve fund.

Any amount paid up in advance of calls on any shares may carry interest but shall not entitle the holder of such shares to participate in respect thereof in a dividend subsequently declared.

The power to cease sending dividend warrants by post will not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may also be exercised after the first occasion on which such a dividend warrant is returned undelivered.

Subject to the laws and regulations of the PRC and the rules of Stock Exchange of Hong Kong Limited, our Company may exercise its power to forfeit unclaimed dividends, but only upon the expiry of the period for which the dividends can be claimed. With regard to the exercise of power to issue warrants in bearer form, no new warrants shall be issued to replace one that has been lost, unless our Company is satisfied beyond reasonable doubt that the original has been destroyed.

The capital reserve fund shall include the followings:

- (I) any premium which exceeds the proceeds from issuance of shares at par value;

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- (II) any other income credited to the capital reserve fund as required by the finance department of the State Council.

Reserves of our Company may be applied towards the following objectives:

- (I) making up of losses, except that capital reserves may not be used.
- (II) conversion into capital. In the case of conversion of statutory reserves into capital through capitalization, the balance of the statutory reserves shall not be less than 25% of the registered capital of our Company prior to the conversion.
- (III) expansion of our Company's production and operation.

The dividend distribution plans of our Company shall be voted at the general meeting. After our Board of Directors takes into account our Company's financial position and subject to the relevant laws and regulations, Shareholders may authorize by ordinary resolution our Board of Directors to distribute and pay dividends. Our Company may distribute its dividends in the form of cash or shares.

Our Company shall appoint a receiving agent in Hong Kong for the Shareholders of the [REDACTED] foreign shares. Such receiving agent shall receive and keep dividends of the [REDACTED] foreign shares on behalf of such relevant Shareholders so as to be paid to such Shareholders. The receiving agent appointed by our Company shall meet relevant requirements of the laws of the places or the relevant regulations of the stock exchange in which the Shares are [REDACTED]. The receiving agent appointed by our Company in respect of H shares [REDACTED] on the Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

PROXIES

Any Shareholder who is entitled to attend and vote at the Shareholders' general meeting has the right to appoint one or more persons (who may not necessarily be Shareholders) as his or her proxy/ies to attend and vote at the meeting in his or her place. Pursuant to the authorization of the Shareholder, the proxy may exercise the following rights:

- (I) Speak for the Shareholder at the general meeting;
- (II) Demand a poll individually or with others; and
- (III) Exercise the right to vote by a show of hands or a poll, but the Shareholder proxies may only exercise the right to vote by a poll when more than one proxy is appointed.

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The Shareholder shall entrust the proxy via written power of attorney, which shall be signed by the principal or the proxy he entrusts in writing. If the principal is a legal person, the power of attorney shall be stamped with the seal of the legal person or signed by the director or the duly appointed proxy. If several persons are appointed as the Shareholder's proxies, the power of attorney shall specify the number of shares to be represented by each proxy. The proxy form shall be deposited at the address of our Company or other places specified in the notice of convening the meeting not less than twenty-four hours prior to the time to convene the meeting according to the proxy form or twenty-four hours prior to the designated time for voting.

Where the proxy form is signed by a person authorized by the principal, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney or other authorization instruments, together with the proxy form, shall be lodged at the address of our Company or such other place as specified in the notice to the meeting. In the case that the principal is a legal person, the proxy shall be authorized by the legal representative, our Board or other authority body of that legal person to attend our Company's general meeting.

Any form issued to Shareholders by our Board of Directors for the appointment of proxies shall enable Shareholders to freely instruct their proxies to vote for or against any resolution, and give separate instructions in respect of the matters to be voted on under each subject. The proxy form shall contain a statement that a proxy may vote at his own discretion in the absence of specific instructions from the Shareholder.

Where the principal is deceased, incapacitated to act, withdrawn from the appointment or the signed power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by our Company prior to the commencement of the relevant meeting.

CALLS ON SHARES AND FORFEITURE OF SHARES

Our Company shall have the right to cease delivering dividend warrants by post to the Shareholders of overseas [REDACTED] foreign Shares. If such warrants have been left uncashed, such right can only be exercised after the dividend warrants have been left uncashed twice consecutively. However, if a dividend warrant fails to reach the expected recipient in the initial mail delivery and is returned, our Company may exercise the right promptly.

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Our Company shall have the right to sell the Shares of the Shareholders of overseas [REDACTED] foreign Shares who are untraceable subject to the following conditions:

- (I) our Company has distributed dividends on such Shares for at least three times in a period of twelve years and the dividends are not claimed by anyone during that period; and
- (II) after the expiration of the twelve-year period, our Company makes a public announcement in newspapers, stating its intention to sell such Shares, and notifies the Stock Exchange of such intention.

INSPECTION OF REGISTER OF MEMBERS

Our Company shall keep a register of Shareholders, which shall include the following particulars:

- (I) the name (title), address (residence), occupation or nature of each Shareholder;
- (II) the class and number of shares held by each Shareholder;
- (III) the amount paid-up or payable in respect of shares held by each Shareholder;
- (IV) the serial numbers of the shares held by each Shareholder;
- (V) the date on which a person registers as a Shareholder;
- (VI) the date on which a person ceases to be a Shareholder.

The register of Shareholders shall be sufficient evidence of the holding of the Shares by a Shareholder; unless there is evidence to the contrary.

The transfer and transmission of shares shall be entered into the register of Shareholders. Pursuant to the understanding reached and agreement entered into between the CSRC and the overseas securities regulatory authorities, our Company may keep an overseas register of the holders of the overseas [REDACTED] foreign Shares and entrust an overseas entity to manage it. The original register of Shareholders of overseas [REDACTED] foreign Shares [REDACTED] in Hong Kong shall be maintained in Hong Kong. And a duplicate of the same shall be maintained in our Company's residence; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of Shareholders of overseas [REDACTED] foreign shares at all times. If there is any inconsistency between the original and the duplicate of the register of Shareholders of

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overseas [REDACTED] foreign shares, the original version shall prevail. Different parts of the register of Shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other parts of the register of Shareholders. When our Company convenes the general meeting, pays dividends, goes into liquidation and is involved in other actions that require the confirmation of equities, our Board of Directors shall fix a date as the equity registration date. Upon expiration of which the Shareholders whose names appear on the register of Shareholders shall be the Shareholders. Any person who objects to the register of Shareholders and requests to register his or her name (title) in the register of Shareholders, or to remove his or her name (title) from the register of Shareholders may apply to the court with jurisdiction to amend the register of Shareholders.

RIGHTS OF THE MINORITIES IN RELATION TO FRAUD OR OPPRESSION THEREOF

In addition to the obligations as required under laws, administrative regulations or the listing rules of the stock exchange(s) where the Shares are [REDACTED], when exercising his rights as a Shareholder, a Controlling Shareholder (under the definition of the following provisions) shall not make decision on the following issues that are detrimental to the interest of all or some of the Shareholders by exercising their voting rights:

- (I) Relieving a Director or Supervisor of their responsibility to act in good faith for the best interests of our Company;
- (II) Approving a Director or a Supervisor (for his/her own or for the benefit of others) in depriving our Company of its assets in any form, including (but not limited to) any opportunities that are advantageous to our Company;
- (III) Approving a Director or a Supervisor (for his/her own or for the benefit of others) in depriving other Shareholders of their personal interests, including (but not limited to) any distribution rights and voting rights, but excluding our Company's restructuring submitted to the general meeting for approval in accordance with the Articles of Association. The Controlling Shareholder(s) referred to in the preceding paragraph shall refer to the person(s) satisfying any of the following conditions:
 - (I) The person may elect more than half of the Director(s) when acting alone or in concert with others;
 - (II) The person may exercise or control the exercise of 30% or more of voting rights of our Company when acting alone or in concert with others;

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(III) The person holds 30% or more of the outstanding Shares when acting alone or in concert with others;

(IV) The person may de facto control our Company in any other manner when acting alone or in concert with others.

PROCEDURES ON LIQUIDATION

Our Company shall be dissolved and liquidated according to laws upon any of the following circumstances:

(I) A resolution for dissolution is passed at a general meeting;

(II) A merger or division of our Company for which a dissolution becomes necessary;

(III) Our Company is announced bankrupt according to the laws due to overdue debts;

(IV) Our Company is ordered to be close down for violation of laws and administrative regulations in accordance with the laws;

(V) Operation and management difficulties occur in our Company and significant losses will be incurred to the Shareholders by this continuance, and such difficulties cannot be solved by other means, the Shareholders holding more than 10% of the total voting rights of our Company may request people's courts to dissolve our Company;

(VI) The term of our Company's business operations has expired.

In the event of dissolution pursuant to Clauses (I) and (V) of the preceding article, our Company shall set up a liquidation committee within 15 days, and the members of the liquidation committee shall be decided by an ordinary resolution at the general meeting. If the liquidation committee is not duly set up, the creditors may request the People's Court to designate related persons to form a liquidation committee to carry out liquidation. If our Company is dissolved pursuant to Clause (III) of the preceding article, a liquidation committee comprising Shareholders, the relevant departments and relevant professionals shall be arranged by the People's Court in accordance with relevant laws to carry out the liquidation. If our Company is dissolved pursuant to Clause (IV) of the preceding article, a liquidation committee comprising Shareholders, the relevant departments and relevant professionals shall be arranged by the relevant supervisory authority to carry out the liquidation. Where our board of Directors has decided to liquidate our Company for any reason other than our Company's declaration of its own insolvency, our Board of Directors shall state in the notice convening the general meeting that it has made full inquiry into the affairs

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of our Company and is of the opinion that our Company shall be able to settle its debts in full within 12 months from the commencement of the liquidation. Our Board of Directors shall stop exercising its powers and functions upon passing of the resolution for a liquidation at the general meeting. The liquidation committee shall act in accordance with the instructions from the general meeting to report at least once every year to the meeting on the committee's income and expenses, the business and the progress of the liquidation of our Company; and to present a final report to the general meeting upon completion of the liquidation. The liquidation committee shall, within 10 days of its establishment, notify the creditors, and, within 60 days of its establishment, publish at least three times announcements on newspapers. The liquidation committee shall register creditor's rights. Creditors shall, within 30 days of receipt of the written notice, or for creditors who have not personally received such notice, shall within 45 days of the date of the announcement, contact the liquidation committee to claim their rights. In claiming their rights, the creditors shall explain matters relating to their rights and provide evidentiary materials.

During liquidation, the liquidation committee shall exercise the following functions and powers:

- (I) to organise our Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (II) to notify or to publish an announcement to the creditors;
- (III) to dispose of any continuing businesses of our Company in connection with the liquidation;
- (IV) to pay outstanding taxes;
- (V) to settle claims and debts;
- (VI) to organise the remaining assets subsequent to the settlement of our Company's debts;
- (VII) to represent our Company in civil proceedings.

Following the settlement of our Company's assets and the preparation of a balance sheet and an inventory of assets by the liquidation committee, the liquidation committee shall formulate a liquidation proposal and present it to the general meeting or the relevant competent authorities. Our Company's assets shall be liquidated in accordance with the sequence required by laws and regulations, if there is no applicable law, such liquidation shall be carried out in accordance with a fair and reasonable sequence determined by the liquidation committee. Any assets of our Company remaining after payment has been made in accordance with the provisions of the preceding

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paragraph shall be distributed to our Shareholders according to the class of shares and the proportion of shares held. During the liquidation period, our Company shall not commence new business activities. If our Company is liquidated due to dissolution, the liquidation committee shall immediately apply to the People's Court for a declaration of bankruptcy if it becomes aware, having settled our Company's assets, prepared a balance sheet and an inventory of assets, that our Company's assets are insufficient to repay its debts. Upon our Company being declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer to the People's Court all matters arising out of the liquidation. Following the completion of liquidation of our Company, the liquidation committee shall prepare a liquidation report, a statement of income and expenses and financial accounts for the liquidation, which shall be verified by a registered accountant in the PRC and submitted to the general meeting or the relevant competent authorities for confirmation.

The liquidation committee shall, within 30 days of such confirmation of general meeting or relevant competent authorities, submit the aforementioned documents to the Shanghai Pudong New Area Market Supervision Administration for an application for a cancellation of registration of our Company, and publish an announcement in respect of the termination of our Company.

ANY OTHER PROVISIONS MATERIAL TO THE PRC ISSUER OR THE SHAREHOLDERS THEREOF

General Provisions

Our Company is a permanently existing joint stock limited liability company. Our Company is an independent enterprise legal person. All capital of our Company is divided into shares with same par value per share, the liabilities of our Shareholders shall be limited to the shares they hold, and our Company is liable for its debts to the extent of its entire assets. Shareholders may institute legal proceedings against our Company pursuant to the Articles of Association; our Company may institute legal proceedings against its Shareholders pursuant to the Articles of Association; Shareholders may institute legal proceedings against Shareholders pursuant to the Articles of Association; Shareholders may institute legal proceedings against the Directors, Supervisors, Manager and other senior management of our Company pursuant to the Articles of Association.

Shareholders

The Shareholders of our Company refer to the legal holders of shares of our Company, whose names (titles) are registered in the register of Shareholders. The Shareholders shall enjoy rights and assume obligations on the basis of the class and amount of shares held; Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations. All

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Shareholders of different classes of our company shall rank pari passu among themselves as to dividends or distributions in any other form. Our Company's Shareholders of ordinary shares shall enjoy the following rights:

- (I) the right to receive dividends and other distributions proportional to the number of shares held;
- (II) the right to attend general meetings either in person or by proxy and exercise the voting right;
- (III) the right to supervise, advise or inquire the business operating activities of our Company;
- (IV) the right to transfer the shares according to the laws, administrative regulations and provisions of the Articles of Association;
- (V) the right to obtain relevant information in accordance with provisions of the Articles of Association, including:
 1. to obtain the Articles of Association, subject to payment of the cost;
 2. to inspect and copy, subject to payment at a reasonable charge, of the followings:
 - a) all parts of the register of Shareholders;
 - b) personal profiles of our Company's Directors, Supervisors, Manager and other members of senior management including: (1) their present and former names and aliases; (2) their principal addresses (residence); (3) their nationalities; (4) their full-time and all other part-time occupations and duties; (5) their identification documents and the numbers thereof;
 - c) conditions on our Company's share capital;
 - d) the latest audited financial statement, and the report of the Board of Directors, auditors and the Board of Supervisors of our Company (classified by domestic shares and foreign shares);
 - e) special resolutions of our Company;

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- f) report(s) showing the aggregate par value, number, maximum and minimum price with respect to each class of shares repurchased by our Company since the end of the last accounting year, and the aggregate fees paid by our Company for this purpose;
- g) a copy of the latest annual inspection report that has been filed with the Department of Administration of Industry and Commerce or other competent authorities of the PRC; and
- h) minutes of Shareholders Meeting, and resolutions of meetings of our Board of Directors and our Board of Supervisors.

Our Company shall make available the documents mentioned in Clauses (1) to (8) other than Clause (2) above and other applicable documents at its Hong Kong office for inspection, free of charge, by the public and Shareholders in accordance with requirements of the Listing Rules (the documents mentioned in Clause (8) shall be available for inspection by Shareholders only). If any Shareholder needs to access the relevant information or obtain such material as set out in the preceding article, the said Shareholder shall provide our Company with written documents evidencing the type and number of shares held by the said Shareholder, and our Company shall provide such information as required by the said Shareholder upon authentication of the said Shareholder;

- (VI) the right to receive distribution of the remaining assets proportional to the number of shares held when our Company dissolves or liquidates;
- (VII) when the procedural requirements for repurchase of shares by our Company under the Articles of Association and relevant laws and regulations are met, Shareholders who disagree with the resolutions on the merger or division of our Company which are passed by the general meeting may require our Company to repurchase their shares;
- (VIII) Shareholders individually or jointly holding more than 3% of shares of our Company are entitled to propose extraordinary resolution in writing to our Board of Directors ten (10) days before the general meeting;
- (IX) other rights conferred by the laws, administrative regulations, and the Articles of Association. Our Company shall not otherwise stay or infringe any rights attached to any shares on the sole basis that the holders of such shares with direct or indirect interests in such shares have failed to disclose the said interests to our Company. The Shareholders of ordinary shares of our Company shall assume the following obligations:

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- (X) to observe the Articles of Association;
- (XI) to effect payment for the subscription of shares according to the number of shares subscribed and the method of contribution;
- (XII) to assume other obligations as the laws, administrative regulations and the Articles of Association require. Shareholders are not liable to further contribution to any share capital other than such terms as agreed upon by the subscriber of the shares on subscription.

Board of Supervisors

Our Company shall establish a Board of Supervisors. The Board of Supervisors shall supervise the Board of Directors, Directors, Manager and other members of senior management of our Company and shall prevent them from abusing powers, infringing interests of the Shareholders, our Company and its employees.

Our Board of Supervisors shall consist of three Supervisors, one of whom shall be appointed as the chairman of our Board of Supervisors. The term of office of a supervisor shall be three years, a supervisor may be re-elected upon the expiration of his/her term. Our Board of Supervisors shall consist of two Shareholder representatives and one employee representative of our Company. The Shareholder representatives shall be elected and removed by the general meeting and the employee representatives shall be democratically elected and removed by employees of our Company. The chairman of our Board of Supervisors shall be elected or removed by approval of more than half of all the supervisors. The chairman convenes and conducts meetings of the supervisory board. If the chairman cannot or does not carry out his duties, more than half of the supervisors will nominate a supervisor to convene and conduct the meeting. Directors, Manager, the chief financial officer or members of senior management of our Company shall not be concurrently appointed as Supervisors. Our Board of Supervisors shall hold at least one meeting every six months, which shall be called by the chairman of our Board of Supervisors. Supervisors have right to propose the convening of an interim meeting of our Board of Supervisors.

Our Board of Supervisors shall be held accountable to the general meeting and exercise the following functions and powers in accordance with the laws:

- (I) to review our Company's financial affairs;
- (II) to supervise the work of our Directors, Manager and other members of senior management who have violated laws, administrative regulations or the Articles of Association of our Company;

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- (III) to demand redress from Directors, manager or any other members of senior management should their acts be deemed against our Company's interests;
- (IV) to review such financial information as the financial reports, business reports and any plans for distribution of profits to be submitted by our Board of Directors to the general meeting, and to retain, on our Company's behalf any certified public accountants or chartered auditors to assist in the review of such information should any doubt arises with respect thereof;
- (V) to propose the convening of extraordinary general meetings;
- (VI) to coordinate with Directors on behalf of our Company or initiate legal proceedings against our Directors;
- (VII) other functions and powers designated by the general meetings.

A supervisor can attend the board meetings. All reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants or chartered auditors by our Board of Supervisors in the exercise of its functions and powers shall be borne by our Company. Supervisors shall fulfil their obligations of supervision in accordance with the provisions of the laws, administrative regulations and the Articles of Association of our Company.

Secretary to the Board of Directors

Our Company shall have a Secretary to the Board of Directors, who shall be a member of the senior management of our Company. The secretary to our Board of Directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by our Board of Directors. A Director or senior management of our Company may be concurrently appointed as the Secretary to our Board of Directors. The accountant of the Accounting firm appointed by our Company cannot serve concurrently as the Secretary to our Board of Directors. In the event that the secretary to our Board of Directors is held concurrently by a Director, and an action is required to be conducted separately by a Director and a Secretary, the person who holds the offices of Director and Secretary shall not perform such action in dual capacity.

Resolution of disputes

Our Company shall abide by the following principles for dispute resolution:

- (I) Any disputes or claims (i) between our Company and our Directors or Supervisors or members of senior management; and (ii) between holders of foreign shares (including holders of overseas [REDACTED] foreign shares and holders of non-[REDACTED] foreign shares) and our Company, between holders of foreign shares (including holders of overseas [REDACTED] foreign shares and holders of non-[REDACTED] foreign shares) and our Directors, Supervisors, manager or other members of senior management, and between holders of overseas [REDACTED] foreign shares and holders of non-[REDACTED] foreign shares or holders of domestic shares, with respect to any rights or obligations by virtue of the Articles of Association, the Company Law, the Special Provisions and any rights or obligations conferred upon or imposed by any other relevant laws and administrative regulations concerning the affairs of our Company, shall be submitted to arbitration by the parties concerned.

When the aforementioned disputes or claims of rights is submitted to arbitration, the entire claim or dispute shall be submitted to arbitration, and all persons whose causes of action were based on the same ground, giving rise to the dispute or claim or whose participation shall be necessary for the resolution of such dispute or claim, shall, where such person is our Company, Shareholders, Directors, Supervisors, Manager, or other members of senior management of our Company, comply with the arbitration. Disputes with respect to the definition of Shareholders and disputes concerning the register of Shareholders need not be resolved by arbitration.

- (II) A claimant may select an arbitration to be administered either by the CIETAC in accordance with its Rules, or the HKIAC in accordance with its Securities Arbitration Rules. Once a claimant submits a dispute or claim of rights to arbitration, the other party must submit to the arbitration institution selected by the claimant. If a claimant selects the HKIAC as the arbitration institution, either party to the dispute or claim may apply for the arbitration venue to be in Shenzhen, in accordance with the Securities Arbitration Rules of the HKIAC.
- (III) If any disputes or claims for rights as a result of Clause (I) are settled by arbitration, the laws of the PRC shall govern, except otherwise provided by the laws and administrative regulations.
- (IV) The award of the arbitration shall be conclusive and binding on all the parties.

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A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established in the PRC on November 24, 2008 and converted into a joint stock company with limited liability on May 31, 2018.

As of the date of this document, our Company's head office is Room 1701 (Nominal Room 1901), CapitalLand, 268 Hengtong Road, Jing'an District, Shanghai, PRC. Our Company has established a principal place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong, and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on [•], 2021 with the Registrar of Companies in Hong Kong. Mr. Zhang Mengchi (張夢弛), our joint company secretary, has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Article of Association is set out in Appendices IV and V to this document.

2. Changes in Share Capital of Our Company

On November 24, 2008, our Company was incorporated with a registered capital of RMB700,000.

At the time of our establishment on May 31, 2018 as a joint stock limited liability company, our initial registered share capital was RMB50,000,000 divided into 50,000,000 Domestic Shares of nominal value of RMB1.00 each, all of which were fully paid up and were held by our Promoters.

As of the Latest Practicable Date, there had been no alterations of our share capital within the two years preceding the date of publication of this Document.

3. Changes in the share capital of our subsidiaries

There has been no alteration in the share capital of the subsidiaries of our Company within two years immediately preceding the date of this document.

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4. Resolutions in writing of our Shareholders passed on [•], 2021

Pursuant to the written resolutions passed by the Shareholders of our Company on [•] 2021, the following resolutions, among others, were duly passed:

- (a) the issue of H Shares of nominal value of RMB1.00 each by our Company and such H Shares be [REDACTED] on the Stock Exchange be issued;
- (b) the number of H Shares to be issued before the exercise of the [REDACTED] shall not exceed [REDACTED] H Shares, representing approximately 15% of the enlarged share capital of our Company upon completion of the [REDACTED] and granting the [REDACTED] the [REDACTED] of no more than 15% of the above number of H Shares to be issued pursuant to this resolution;
- (c) subject to the completion of the [REDACTED], the Articles of Association have been approved and adopted, which shall become effective on the [REDACTED], and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and
- (d) authorizing our Board to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the [REDACTED].

5. Reorganization

Our Company has gone through the corporate reorganization. For further details, please refer to the section headed “History, Development and Corporate Structure — Reorganization” in this document.

6. Restrictions on Share Repurchases

For further details, please refer the sections headed “Appendix IV — Summary of Principal Laws and Regulations” and “Appendix V — Summary of Articles of Association” in this document.

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B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us or any of our subsidiaries within the two years preceding the date of this document that are or may be material:

- (a) the equity transfer agreement dated May 21, 2020 and the supplemental agreement dated August 1, 2021 entered into among Silk Road Fund, Pingtan Hengli, Tianrong Dingxin, our Company and Mr. Xu, pursuant to which (i) Tianrong Dingxin transferred to Silk Road Fund approximately 2.18% of the equity interest in our Company at a consideration of RMB50,000,000; and (ii) Tianrong Dingxin transferred to Pingtan Hengli approximately 1.31% of the equity interest in our Company at a consideration of RMB30,000,000;
- (b) the equity transfer agreement dated May 21, 2020 and the supplemental agreement dated August 1, 2021 entered into among Andai Huizhi, Tianrong Dingxin, our Company and Mr. Xu, pursuant to which Tianrong Dingxin transferred to Andai Huizhi approximately 1.31% of the equity interest in our Company at a consideration of RMB30,000,000;
- (c) the equity transfer agreement dated May 21, 2020 and the supplemental agreement dated August 1, 2021 entered into among Huijia Zhihe, Tianrong Dingxin, our Company and Mr. Xu, pursuant to which Tianrong Dingxin transferred to Huijia Zhihe approximately 0.44% of the equity interest in our Company at a consideration of RMB10,000,000;
- (d) the equity transfer agreement dated May 21, 2020 entered into among Qianhe Capital, Tianrong Dingxin, our Company and Mr. Xu, pursuant to which Tianrong Dingxin transferred to Qianhe Capital approximately 6.87% of the equity interest in our Company at a consideration of RMB20,000,000;
- (e) the equity transfer agreement dated May 21, 2020 and the supplemental agreement dated August 1, 2021 entered into among Anji Kaitai, Tianrong Dingxin, our Company and Mr. Xu, pursuant to which Tianrong Dingxin transferred to Anji Kaitai 0.7946% equity interest in our Company at a consideration of RMB18,180,440;
- (f) the stock purchase agreement dated December 18, 2020 entered into between Mr. Xu and Capvision US, pursuant to which Mr. Xu transferred 4,800 Class A shares of Capvision Pro to Capvision US at a consideration of USD1,341,176.47;
- (g) Non-Competition Undertaking; and
- (h) [REDACTED].

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2. Intellectual Property Rights of our Group

As of the Latest Practicable Date, our Company has registered, or has applied for the registration of the following intellectual property rights which were material to our Group’s business.

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks in the PRC which we considered to be material to our business:

No.	Trademark	Class	Registered Owner	Registration Number	Date of Registration	Expiration Date
1.		36	Our Company	11797592	May 7, 2015	May 6, 2025
2.	CAPVISION <i>The Knowledge Network</i>	36	Our Company	11797560	May 7, 2014	May 6, 2024
3.	贤合	36	Our Company	12947287	January 28, 2015	January 27, 2025
4.	凯盛汇	35	Our Company	13107017	January 7, 2015	January 6, 2025
5.	凯仁	36	Our Company	13614363	February 14, 2015	February 13, 2025
6.	凯仁	41	Our Company	13614376	February 14, 2015	February 13, 2025
7.	Capvision	35	Our Company	13735413	February 21, 2015	February 20, 2025
8.	Capvision	41	Our Company	13735419	February 28, 2015	February 27, 2025
9.	Capvision	44	Our Company	13735435	February 28, 2015	February 27, 2025

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No.	Trademark	Class	Registered Owner	Registration Number	Date of Registration	Expiration Date
10.	凯盛英才	41	Our Company	13735466	April 14, 2015	April 13, 2025
11.	凯盛英才	44	Our Company	13735475	April 14, 2015	April 13, 2025
12.	凯盛汇	36	Our Company	13735489	February 28, 2015	February 27, 2025
13.	凯盛汇	41	Our Company	13735496	February 28, 2015	February 27, 2025
14.	凯盛汇	44	Our Company	13735508	February 14, 2015	February 13, 2025
15.	恺盛	35	Our Company	13735522	February 21, 2015	February 20, 2025
16.	恺盛	36	Our Company	13735531	February 28, 2015	February 27, 2025
17.	恺盛	41	Our Company	13735536	February 28, 2015	February 27, 2025
18.	恺盛	44	Our Company	13735543	February 28, 2015	February 27, 2025
19.	wetan	42	Our Company	17129571	August 21, 2016	August 20, 2026
20.	威谈	42	Our Company	17129572	August 21, 2016	August 20, 2026
21.	人联网	9,16,35	Our Company	17571792	November 28, 2016	November 27, 2026
22.	融智	9,16	Our Company	17593761	November 28, 2016	November 27, 2026

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No.	Trademark	Class	Registered Owner	Registration	Date of	
				Number	Registration	Expiration Date
23.	凯盛	16	Our Company	18713825	April 14, 2017	April 13, 2027
24.	凯盛融英	9,16	Our Company	18714282	February 7, 2017	February 6, 2027
25.	融英	9,16,35	Our Company	18714576	April 14, 2017	April 13, 2027
26.	凯盛投资风向标	16,35,36	Our Company	18715662	September 7, 2017	September 6, 2027
27.	CAPVISION 知识有力量!	9,35,36	Our Company	21323142	October 21, 2018	October 20, 2028
28.	CAPVISION Knowledge is power!	9,35,36	Our Company	21323143	October 21, 2018	October 20, 2028

As of the Latest Practicable Date, our Group has applied for the registration of the following trademark which we consider to be material to our business:

No.	Trademark	Place of	Applicant	Class	Application	Date of
		Application			Number	Application
1.	CAPVISION —让专家知识触手可及—	Hong Kong	Our Company	9, 35, 36	305643153	June 1, 2021

(b) Software Copyrights

As of the Latest Practicable Date, we have registered the following software copyrights which we considered to be material to our business:

No.	Name	Copyright Owner	Registration Number	First Publication Date
1.	Intelligent Financial System (Abbrev.: accounting system) V1.0 (智能財務系統 (簡稱: 財務系統) V1.0)	Our Company	2014SR081696	January 15, 2014

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No.	Name	Copyright Owner	Registration Number	First Publication Date
2.	Industry consultant information search system (Abbrev.: industry consultant information search engine) V1.0 (行業顧問信息搜索系統 (簡稱：行業顧問信息搜索引擎) V1.0)	Our Company	2014SR081707	May 8, 2011
3.	Industry consultant relationship management system (Abbrev.: relationship management system) V1.0 (行業顧問關係管理系統 (簡稱：關係管理系統) V1.0)	Our Company	2014SR081710	July 8, 2013
4.	Industry consultant service system (Abbrev.: consultant service system) V1.0 (行業顧問服務系統 (簡稱：顧問服務系統) V1.0)	Our Company	2014SR083099	December 11, 2012
5.	Consultant data analysis system (Abbrev.: data analysis system) V1.0 (顧問數據分析系統 (簡稱：數據分析系統) V1.0)	Our Company	2014SR083197	July 18, 2013
6.	Industry consultant scoring system (Abbrev.: consultant scoring system) V1.0 (行業顧問積分系統 (簡稱：顧問積分系統) V1.0)	Our Company	2014SR083201	November 18, 2013
7.	Multi-platform information synchronization system (Abbrev.: information synchronization system) V1.0 多平臺信息同步系統 (簡稱：信息同步系統) V1.0	Our Company	2014SR083565	November 5, 2012
8.	Interview project management system (Abbrev.: project management system) V1.0 訪談項目管理系統 (簡稱：項目管理系統) V1.0	Our Company	2014SR083571	March 21, 2012

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No.	Name	Copyright Owner	Registration Number	First Publication Date
9.	Capvision expert online service platform APP (Android Version) (Abbrev.: Capvision Expert) V1.0 凱盛專家互聯網服務平臺軟件 (Android版) (簡稱：凱盛專家) V1.0	Our Company	2016SR068711	January 8, 2016
10.	Capvision expert online service platform APP (IOS Version) (Abbrev.: Capvision Expert) V1.0 凱盛專家互聯網服務平臺軟件 (IOS版) (簡稱：凱盛專家) V1.0	Our Company	2016SR068712	January 8, 2016
11.	Capvision Audio Live Management software V1.0 凱盛融英音頻直播管理軟件V1.0 . . .	Our Company	2016SR290351	July 22, 2016
12.	Capvision APP Audio Player service (IOS version) Software V1.0 凱盛融英APP音頻播放服務 (IOS版) 軟件 V1.0	Our Company	2016SR293114	July 22, 2016
13.	Capvision Business Conference Management Software V1.0 凱盛融英業務會議管理軟件V1.0 . . .	Our Company	2016SR294612	July 22, 2016
14.	Capvision Business Data Management Software V1.0 凱盛融英業務數據管理軟件V1.0 . . .	Our Company	2016SR294655	July 22, 2016
15.	Capvision Business Demand Management Software V1.0 凱盛融英業務需求管理軟件V1.0 . . .	Our Company	2016SR295162	July 22, 2016
16.	Capvision Enterprise Information Management Software V1.0 凱盛融英企業信息管理軟件V1.0 . . .	Our Company	2016SR295166	July 22, 2016
17.	Capvision Consultant Information Searching Software V1.0 凱盛融英顧問信息檢索軟件V1.0 . . .	Our Company	2017SR000042	July 22, 2016

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No.	Name	Copyright Owner	Registration Number	First Publication Date
18.	Capvision Financial Backend Management Software V1.0 凱盛融英財務後臺管理軟件V1.0 . . .	Our Company	2017SR000748	July 22, 2016
19.	Capvision Client Information Management Software V1.0 凱盛融英客戶信息管理軟件V1.0 . . .	Our Company	2017SR000752	July 22, 2016
20.	Capvision Legal Management Software V1.0 凱盛融英法務管理軟件V1.0	Our Company	2017SR000757	July 22, 2016
21.	Capvision Consulting Project Pre-sales Supporting Software V1.0 凱盛融英諮詢項目售前支持軟件 V1.0	Our Company	2019SR1197043	September 17, 2019
22.	Capvision Consulting Project Label Management Software V1.0 凱盛融英諮詢項目標籤管理系統軟件V1.0.	Our Company	2019SR1197053	September 10, 2019
23.	Capvision Intelligent Template Editing Software V1.0 凱盛融英智能模版編輯軟件V1.0 . . .	Our Company	2019SR1197063	September 17, 2019
24.	Capvision Smart Contract Management Software V1.0 凱盛融英智能合同管理軟件V1.0 . . .	Our Company	2019SR1197073	April 20, 2018
25.	Capvision Online Collaborative Office Software V1.0 凱盛融英在綫協同辦公軟件V1.0 . . .	Our Company	2019SR1193894	August 22, 2019
26.	Capvision Project Collection Management Software V1.0 凱盛融英項目徵集管理軟件V1.0 . . .	Our Company	2019SR1193167	August 10, 2018
27.	Capvision Email Broadcast Management Software V1.0 凱盛融英郵件群發管理軟件V1.0 . . .	Our Company	2019SR1193177	March 20, 2018

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No.	Name	Copyright Owner	Registration Number	First Publication Date
28.	Capvision Potential Consultant Management Software V1.0 凱盛融英潛在顧問管理軟件V1.0 . . .	Our Company	2019SR1193157	September 13, 2018
29.	Capvision Enterprise Information Management Software V1.0 凱盛融英企業信息管理系統軟件 V1.0	Our Company	2019SR1192887	July 10, 2019
30.	Capvision Client Relationship Maintenance Software V1.0 凱盛融英客戶關係維護軟件V1.0 . . .	Our Company	2019SR1195585	November 22, 2018
31.	Capvision Compliance Process Management Software V1.0 凱盛融英合規流程管理軟件V1.0 . . .	Our Company	2019SR1195000	June 17, 2019
32.	Capvision Consulting Cooperative Terms Webpage Signing Software V1.0 凱盛融英顧問合作條款網頁簽署軟件V1.0	Our Company	2019SR1202566	June 17, 2019
33.	Capvision Knowledge Share Management Software V1.0 凱盛融英共享知識管理軟件V1.0 . . .	Our Company	2019SR1202487	July 25, 2019
34.	Capvision Financial News Information Management Software V1.0 凱盛融英財經新聞信息管理系統軟件V1.0	Our Company	2019SR1199483	June 10, 2019
35.	Capvision Consultant Remuneration Management Software V1.0 凱盛融英顧問酬勞管理軟件V1.0 . . .	Our Company	2019SR1227571	September 24, 2019
36.	Capvision Client Data Analysis Software V1.0 凱盛融英客戶數據分析軟件V1.0	Our Company	2019SR1227444	October 22, 2019

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(c) Domain Names

As of the Latest Practicable Date, we have registered the following domain name:

No.	Domain Name	Registered Owner	Date of Registration	Expiry Date
1.	capvision.com	Our Company	October 8, 2012	October 8, 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

(1) Disclosure of Interests

(a) Interests and short positions of our Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and our associated corporations

Immediately following completion of the [REDACTED] (assuming that the [REDACTED] has not been exercised), the interests and/or short positions (as applicable) of our Directors, Supervisors and the 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 us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”) (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors), will be as follows:

Name	Position	Nature of interest	Number and class of Shares	Approximate percentage of interest in our Company	Approximate percentage of interest in the relevant class of Shares of our Company
Mr. Xu (<i>Note 1</i>).	Executive Director and chief executive officer	Beneficial owner Interest	8,821,290 Domestic Shares	15.00%	51.27%
			5,880,860 H Shares	10.00%	14.13%
		Interest in controlled corporation	952,375 Domestic Shares	1.62%	5.54%
			952,375 H Shares	1.62%	2.29%
		Interests held jointly with another person	414,510 Domestic Shares	0.70%	2.41%
			276,340 H Shares	0.47%	0.66%

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Name	Position	Nature of interest	Number and class of Shares	Approximate percentage of interest in our Company	Approximate percentage of interest in the relevant class of Shares of our Company
Mr. Cheng Yijiang	Executive	Beneficial owner Interest	228,570 Domestic Shares	0.39%	1.33%
	Director and deputy general manager		152,380 H Shares	0.26%	0.37%
Ms. Tu Qiang (Note 2)	Executive	Beneficial owner Interest	795,900 Domestic Shares	1.35%	4.63%
	Director and deputy general manager		530,660 H Shares	0.90%	1.28%
Mr. Teng Xuejun	Non-executive Director	Beneficial owner Interest	881,350 Domestic Shares	1.50%	5.12%
			881,350 H Shares	1.50%	2.12%
Ms. Ji Beibei (Note 3)	Supervisor	Beneficial owner Interest	42,025 Domestic Shares	0.07%	0.24%
			42,025 H Shares	0.07%	0.10%
		Interest in controlled corporation	952,375 Domestic Shares	1.62%	5.54%
			952,375 H Shares	1.62%	2.29%
Mr. Zhu Wei (Note 4)	Supervisor	Beneficial owner Interest	26,150 Domestic Shares	0.04%	0.15%
			26,150 H Shares	0.04%	0.06%
Ms. Zhu Weiyin (Note 5)	Supervisor	Beneficial owner Interest	9,550 H Shares	0.02%	0.02%

Notes:

1. Mr. Xu and Shanghai Yuezhi beneficially held 14,702,150 and 1,904,750 Shares respectively. Shanghai Yuezhi was held as to approximately 11.43% by its general partner, Mr. Xu. Therefore, Mr. Xu was deemed to be interested in the Shares held by Shanghai Yuezhi under the SFO. Mr. Chen Rongsheng (陳榮生) held 690,850 Shares. Xu and Mr. Chen Rongsheng (陳榮生) were parties to an acting-in-concert agreement. Therefore, Mr. Xu and Mr. Chen Rongsheng (陳榮生) was deemed to be interested in the Shares that each other was interested in under the SFO.
2. Ms. Tu Qiang (圖強) holds 1,326,650 Shares directly and is the general partner of Shanghai Yuecheng so deemed to be interested in 565,996 Shares held by Shanghai Yuecheng.
3. Ms. Ji Beibei (季貝貝) holds 84,050 Shares directly Ms. Ji Beibei (季貝貝) is the general partner of, and a 1.92% limited partner of, Shanghai Yuesheng which holds 35.91% interest in Shanghai Yuezhi, so Ms. Ji Beibei (季貝貝) was deemed to be interest in the 684,003 Shares held by Shanghai Yuesheng.

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4. Ms. Zhu Wei (朱韉) holds 52,300 Shares directly and beneficially interested in 13,112 Shares held by Shanghai Yuesheng.
5. Mr. Zhu Weiyin (朱偉寅) holds 9,550 Shares directly and beneficially interested in 13,112 Shares held by Shanghai Yuesheng.

(b) Interests of our Substantial Shareholders in the Shares

Save as disclosed in the section headed “Substantial Shareholders”, immediately following the completion of the [REDACTED] and without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED], our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under 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 issued voting shares of our Company.

So far as our Directors are aware and save as disclosed in the section headed “Substantial Shareholders”, as of the Latest Practicable Date, no persons are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group.

2. Particulars of Directors’ and Supervisors’ Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, we have entered into a contract with each of our Directors and Supervisors in respect of, among other things (i) compliance with relevant laws and regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Each of our Directors and Supervisors has entered into a service agreement with our Company. The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following his/her respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed in the section headed “Directors, Supervisors and Senior Management”, none of our Directors and Supervisors has or is proposed to have entered into any service contract with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

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3. Remuneration of Directors and Supervisors

For further details, please refer to the section headed "Directors, Supervisors and Senior Management — Remuneration of Directors, Supervisors and Five Highest Paid Individuals" of this document and Note 7 to the Accountant's Report as set out in Appendix I to this document.

4. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors, Supervisors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us 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 to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by our Directors of Listed Issuers once the H Shares are [REDACTED] on the Stock Exchange;
- (b) none of our Directors or Supervisors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the [REDACTED] (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;
- (c) so far as is known to our Directors, none of our Directors, their respective close associates or any Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group; and
- (d) save as disclosed in this document, none of our Directors, Supervisors or any of the parties listed in "Qualifications of Experts" of this Appendix is:
 - (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

During the Track Record Period and as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the [REDACTED] of, and permission to [REDACTED] in, the H Shares to be converted from Domestic Shares and the H Shares to be issued pursuant to the [REDACTED] (including the additional H Shares which may be issued pursuant to the exercise of the [REDACTED]). All necessary arrangements have been made to enable our H Shares to be [REDACTED] into [REDACTED].

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of USD400,000 for acting as a sponsor for the [REDACTED].

4. Compliance Advisor

Our Company has appointed Altus Capital Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

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STATUTORY AND GENERAL INFORMATION

6. Taxation of holders of H Shares

(1) *Hong Kong*

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.13% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred. For further details, please refer to the section headed "Taxation and Foreign Exchange" set out in Appendix III to this document.

(2) *Consultation with professional advisors*

[REDACTED] in the [REDACTED] are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or [REDACTED] in our H Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], or any other person or party involved in the [REDACTED] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, [REDACTED] in or the exercise of any rights in relation to our H Shares.

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7. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

<u>Name</u>	<u>Qualification</u>
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation 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 the regulated activities under the SFO
Citigroup Global Markets Asia Limited	Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Grandway Law Offices	PRC Legal Advisors
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry Consultant

8. Consent of Experts

Each of the experts whose names are set out in paragraph 7 above has given and has not withdrawn its respective written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this document in the form and context in which it is respectively included.

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9. Promoters

The Promoters are all of the 38 then Shareholders as of May 31, 2018 as set out below before our conversion into a joint stock limited liability company:

No.	Names
1	Mr. Xu Rujie (徐如傑)
2	Gortune Kanghe (粵民投康禾)
3	Tianjin Dingxin (天融鼎信)
4	Tianjin Qiche (天津啟徹)
5	Fang Wenyan (方文豔)
6	Gortune Kangjia (粵民投康嘉)
7	Zhang Yiqian (章伊倩)
8	Yang Fangfang (楊芳芳)
9	Shanghai Yuezhi (上海岳峙)
10	Teng Xuejun (滕學軍)
11	Li Ying (李英)
12	Wang Yaning (王雅寧)
13	Lin Renxin (林仁信)
14	Tu Qiang (圖強)
15	Guo Hongmei (郭紅梅)
16	Chen Rongsheng (陳榮生)
17	Jia Chenlan (賈晨瀾)
18	Zhu Yuqin (祝玉琴)
19	Zhang Bo (張博)

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No.	Names
20	Mr. Xu Binfeng (徐斌峰)
21	Ren Pingping (任萍萍)
22	Cheng Yijiang (程頤江)
23	Li Ying (李鷹)
24	Xuan Dongmei (宣東梅)
25	Li Lantian (李藍天)
26	Li Nuan (李暖)
27	Liu Xiqiao (柳溪橋)
28	Chen Heming (陳鶴明)
29	Dai Leilei (代蕾蕾)
30	Liu Jun (劉俊)
31	Lu Weimin (魯為敏)
32	Qin Jing (秦晶)
33	Liu Chunsheng (劉春生)
34	Fan Yang (范楊)
35	Ji Beibei (季貝貝)
36	Zhu Wei (朱韡)
37	Cai Rong (蔡榮)
38	Zhu Weiyan (朱偉寅)

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

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STATUTORY AND GENERAL INFORMATION

10. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

11. Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. No Material Adverse Change

Our Directors confirm that, up to the date of this document, there has been no material adverse change in the financial or trading position or prospect of our Group since March 31, 2021 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

E. MISCELLANEOUS

Save as disclosed in this document:

- (a) within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (iii) no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

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- (b) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) no founder or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;
- (d) there is no arrangement under which future dividends are waived or agreed to be waived;
- (e) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document
- (f) our Company has no outstanding convertible debt securities or debentures; and
- (g) none of our equity and debt securities is presently listed on any stock exchange or traded on any trading system and no such listing or permission to list is being or is proposed to be sought.

APPENDIX VII

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of the [REDACTED];
- (b) a copy of each of the material contracts referred to the section headed “Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts” in Appendix VI to this document; and
- (c) the written consents referred to in the section headed “Statutory and General Information — D. Other Information — 8. Consent of Experts” in Appendix VI to this document.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Fangda Partners at 26/F, One Exchange Square, 8 Connaught Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountant’s Report from by PricewaterhouseCoopers, the texts of which are set out in Appendix I to this document;
- (c) the audited consolidated financial statements of our Group for the three financial years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2021;
- (d) the report from PricewaterhouseCoopers in respect of the unaudited [REDACTED] financial information, the text of which is set out in Appendix II to this document;
- (e) the legal opinions issued by Grandway Law Offices, our PRC Legal Advisors, in respect of certain aspects of our Company;
- (f) the industry report prepared by Frost & Sullivan Report referred to in the section headed “Industry Overview” in this document;

APPENDIX VII

**DOCUMENTS DELIVERED TO THE REGISTRAR
OF COMPANIES AND AVAILABLE FOR INSPECTION**

- (g) the material contracts referred to the section headed “Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts” in Appendix VI to this document;
- (h) the written consents referred to in the section headed “Statutory and General Information — D. Other Information — 8. Consent of Experts” in Appendix VI to this document;
- (i) the service contracts or letters of appointment referred to in the section headed “Statutory and General Information — C. Further Information about Our Directors, Supervisors and Substantial Shareholders — 2. Particulars of Directors’ and Supervisors’ Service Contracts” in Appendix VI to this document; and
- (j) the PRC Company Law, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies and the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas together with unofficial English translations thereof.