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Application Proof of

Linklogis Inc.
聯易融科技集團*

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

WARNING

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IMPORTANT

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Linklogis Inc.
聯易融科技集團*

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**[REDACTED] per [REDACTED] plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund)**
Nominal value	**:**	**US$[0.0001] per [REDACTED]**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED]**

Goldman Sachs

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

The [**REDACTED**] is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and our Company on the [**REDACTED**]. The [**REDACTED**] is expected to be on or around [**REDACTED**] and, in any event, not later than [**REDACTED**]. The [**REDACTED**] will be not more than [**REDACTED**] and is currently expected to be not less than [**REDACTED**] unless otherwise announced. If, for any reason, the [**REDACTED**] is not agreed by [**REDACTED**] between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and our Company, the [**REDACTED**] will not proceed and will lapse.

The [REDACTED] (on behalf of the [REDACTED]) may, with our Company's consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, an announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.linklogis.com) not later than the morning of the last day for lodging applications under the [REDACTED]. For further information, please refer to the sections headed "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" of this document.

The obligations of the [**REDACTED**] under the [**REDACTED**] to subscribe for, and to procure subscribers for, the [**REDACTED**], are subject to termination by the [**REDACTED**] (on behalf of the [**REDACTED**]) if certain events shall occur prior to 8:00 a.m. on the [**REDACTED**]. Such grounds are set out in the section headed "[**REDACTED**]" of this document.

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**], sold, pledged, or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The [**REDACTED**] are being [**REDACTED**] and sold (i) solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S.

Our Company is controlled through weighted voting rights. Prospective [REDACTED] should be aware of the potential risks of [REDACTED] in a company with a WVR structure, in particular that the WVR Beneficiary, whose interests may not necessarily be aligned with those of our Shareholders as a whole, will be in a position to exert significant influence over the outcome of Shareholders' resolutions, irrespective of how other Shareholders vote. For further information about the risks associated with our WVR structure, please refer to the section headed "Risk Factors – Risks Relating to the WVR Structure – Holders of our [REDACTED] may exert substantial influence over us and may not act in the best interests of our other Shareholders" of this document.

* *For identification only*

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

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IMPORTANT NOTICE TO PROSPECTIVE [REDACTED]

This document is issued by our Company solely in connection with the [**REDACTED**] *and the* [**REDACTED**] *and does not constitute an* [**REDACTED**] *to sell or a solicitation of an* [**REDACTED**] *to buy any security other than the* [**REDACTED**] *by this document pursuant to the* [**REDACTED**]. *This document may not be used for the purpose of making, 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**] *in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document for purposes of a* [**REDACTED**] *and the* [**REDACTED**] *and sale 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.*

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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 the entire document 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 the section headed "Risk Factors" of this document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OUR MISSION

Our mission is to re-define and transform supply chain finance through technology and innovation.

OVERVIEW

We are a leading technology solution provider for supply chain finance in China. Our cloud-native solutions optimize the payment cycle of supply chain transactions and digitalize the entire workflow of supply chain finance. We empower our anchor enterprise and financial institution customers with efficient and reliable supply chain finance technology solutions, and enhance transparency and connectivity in the supply chain finance ecosystem. We ranked No.1 among technology solution providers in China with RMB122.3 billion in supply chain finance transactions processed in the nine months ended September 30, 2020, accounting for a 20.5% market share, according to CIC.

The supply chain finance technology solution market presents significant opportunity. Through solutions centered around higher-rated, larger enterprises in the supply chains, which are often referred to as anchor enterprises, supply chain finance helps businesses along the supply chain improve working capital and financing efficiency in a cost-effective way. Anchor enterprises are increasingly looking to supply chain finance as an attractive alternative payment option. According to CIC, the total outstanding balance of supply chain finance in China is expected to reach RMB40.3 trillion by the end of 2024, but it requires sweeping digital transformation to capture the growth potential. Traditional supply chain finance model is ineffective in authenticating underlying trades and managing risks due to low visibility into transaction flows and heavy reliance on manually-driven processes. Emergence of new technologies such as AI, blockchain, big data and cloud has made possible a more transparent, efficient and intelligent supply chain finance process, transforming the way it operates. The total spending on technology solutions by anchor enterprises and financial institutions in the supply chain finance sector is therefore expected to grow from RMB43.4 billion in 2019 to RMB164.2 billion by 2024, at a CAGR of 30.5%, according to CIC.

Recognizing the huge market potential in the supply chain finance technology solutions, we began our journey in 2016 and have since pioneered the industry in providing enterprise-grade, cloud-based and digitalized supply chain finance solutions. Our first-mover advantage, specialization in this sector, and dedicated focus on innovation have built us a competitive moat and provided a solid foundation for our continued success. Since our inception in 2016, we have served over 290 anchor enterprises, covering more than 25% of Top 100 Companies in China, and over 180 financial institutions. As of September 30, 2020, we had enabled our customers and partners to process close to RMB250 billion in cumulative supply chain finance transactions in China.

Solution Stack. We provide digitalized and specialized solutions to optimize mission-critical workflows for supply chain finance and payment. Our technology solutions enable anchor enterprises and financial institutions to effectively authenticate supply chain transactions, cooperate with other participants in the supply chain finance ecosystem, manage operational risks and achieve integrated supply chain management. We also re-define transaction and payment flows along the supply chain by leveraging blockchain technologies to create immutable and traceable digital representation of suppliers' accounts receivable due from anchor enterprises, or Digipo. Suppliers can split Digipo and settle their own payment obligations in full or in part with their upstream suppliers, or use it to obtain financing from financial institutions. Our cloud-based solutions can be easily accessed through a plug-and-play model, and we also provide our customers with bespoke solutions that can be integrated with their internal systems and offered through a white label approach.

We categorize our solutions into:

- *Supply Chain Finance Technology Solutions: a suite of cloud-native technology solutions to digitalize the process of supply chain payment and financing centered on anchor enterprises' credit profiles*
  - *Anchor Cloud: solutions designed to enable anchor enterprises to achieve digital transformation for supply chain management and optimize payment cycle for parties along the supply chain*
  - *FI Cloud: solutions designed to help financial institutions digitalize, automate and streamline their supply chain financing services*
- *Emerging Solutions: a range of innovative new solutions that supplement and enrich our existing supply chain finance technology solutions*
  - *Cross-border Cloud: a suite of intelligent solutions that help anchor enterprises and financial institutions facilitate supply chain payment and financing for corporates engaged in cross-border trade activities*
  - *SME Credit Tech Solution: a suite of data-driven risk analytics solutions that help financial institutions provide financing for anchor enterprises' SME suppliers and distributors based on data in the supply chain ecosystem*

Core Technologies. Our proprietary technologies are the core of our ability to provide solutions that fulfil our customers' needs and reinforce our market leadership. As of September 30, 2020, we had a team of 341 experienced technology professionals, representing 62% of our total staff. We focus on investing in next-generation technologies including AI, blockchain and big data. As of the Latest Practicable Date, we had applied and registered for more than 340 patents and copyrights. Our technology capabilities have received world-wide recognition, including CMMI-DEV v1.3 Maturity Level 3, which is a global benchmark for high-quality standard and application of the best practices in engineering and software development. Our technology solutions are characterized by agility, efficiency, mobility, transparency and reliability.

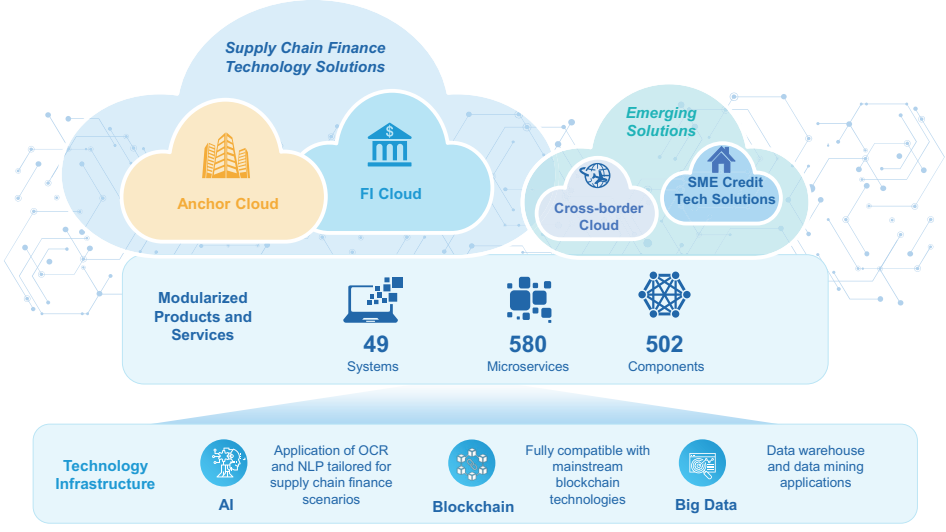
- *Agility:* With approximately 580 microservices and 502 components, both of which serve as building blocks of our solutions, we are able to quickly and cost-efficiently roll out new solutions and functionalities catered to the ever-changing needs from anchor enterprises and financial institutions. Our cloud-native, multi-tenant architecture allows us to scale up operations and increase transaction processing capacity effectively.

- *Efficiency:* Our solutions leverage optical character recognition ("**OCR**") and natural language processing ("**NLP**") technologies to automate tedious, time-consuming workflows, such as invoice authentication and validation, to improve efficiency, save costs, and reduce errors. Our AI engines are developed specifically for analyzing supply chain-related documents and data, which leads to an industry-leading AI accuracy rate and processing capabilities. For example, we are able to process 1,000 pages of invoices and contractual documents within 5 minutes and 15 minutes, respectively.

- *Mobility:* Our solutions can be accessed anytime and anywhere through Internet-connected devices. For example, our solution can facilitate eKYC and remote client onboarding, and suppliers enrolled in anchor enterprises' supply chain finance programs can simply scan relevant documents and upload the images through Weixin Mini-Programs instead of submitting paperwork. This mobility-first approach provides enhanced convenience for our customers and partners and delivers superior user experience.

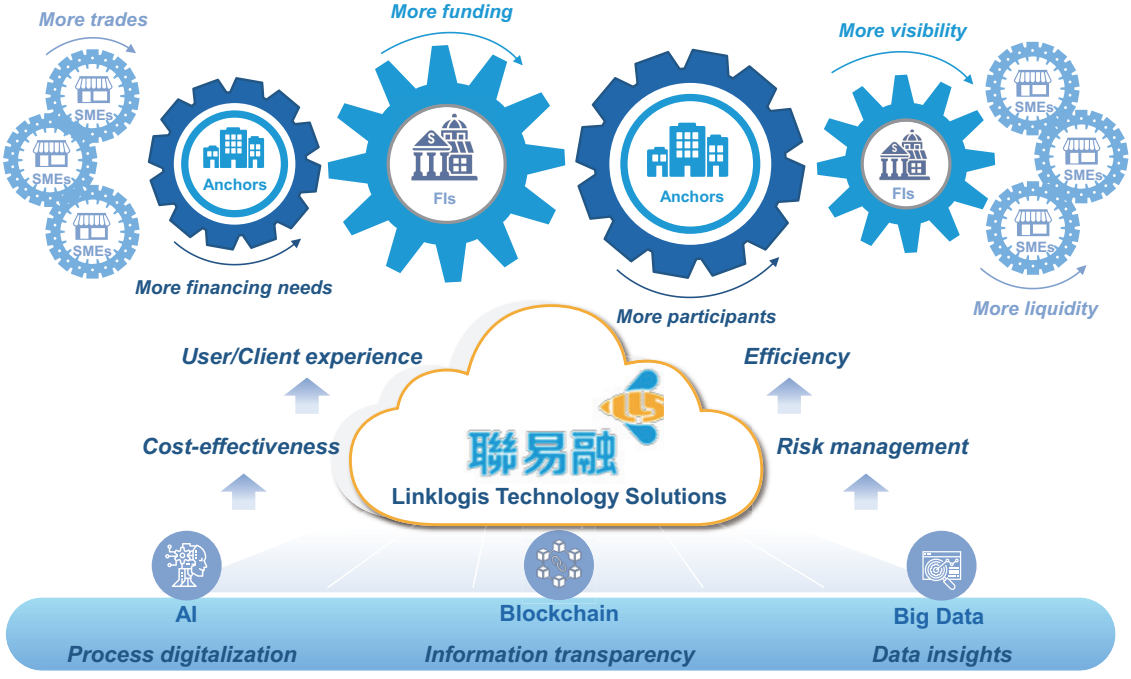
- *Transparency:* Through our proprietary blockchain platform, we foster trust among multiple stakeholders in the supply chain finance ecosystem by making transaction data immutable, traceable and transparent. This allows different parties to gain better visibility into the transaction and fund flows in supply chains.

- *Reliability:* Our robust data-driven risk management capabilities, combined with the top-notch security level of our systems, underpin our capability to serve large enterprise and financial institution customers. For example, we were certified by Trusted Blockchain Initiatives Evaluation Expert Panel of Ministry of Industry and Information Technology in November 2020, as one of the only two enterprises that were certified with respect to application of blockchain to supply chain finance.



Go-to-Market Strategy. We have distinguished outreach strategies to engage our targeted customer segments. Through serving industry leaders in selected verticals with our customer-oriented offerings, we have established a strong reputation in the supply chain finance and payment technology space, which allows us to attract a broad customer base across financial institutions and large enterprises. In addition to a direct salesforce of approximately 90 employees, we also leverage the word-of-mouth referrals by partners across the supply chain finance ecosystem to reach our targeted customers with no additional acquisition costs. We benefit from the flywheel effect as our customers and partners are increasingly interconnected, which makes our customer acquisition highly self-sustained. For instance, after onboarding our solutions, financial institutions can connect us to their enterprise customers, who may then become our customers and subsequently introduce their other partnering financial institutions to us, which will in turn attract more enterprise customers. Through serving anchor enterprises, we also expand our reach to a vast number of suppliers and distributors of those anchor enterprises in a cost-effective way, which in turn increases the appeal of our solutions to financial institution customers. We also enjoy strong customer loyalty, with the retention rate of our Supply Chain Finance Technology Solutions customers reaching 99% for the nine months ended September 30, 2020. In addition, we cooperate with the world's leading software vendors and B2B platforms, such as Infor, to tap into enterprises in the overseas markets and grow our international business.

Ecosystem. As of September 30, 2020, we had connected over 290 anchor enterprises, over 180 financial institutions, over 93,000 small and medium-sized enterprises ("**SMEs**"), and close to 100 professional parties and data providers across the supply chain finance ecosystem. Our technology platform is at the core of the supply chain finance ecosystem, integrating seamlessly with the operational and financing processes of various parties. We thrive to leverage technology to reduce information asymmetry and foster trust among stakeholders in the supply chain finance ecosystem. As we continue to process more supply chain transactions and accumulate better supply chain data insights, we are able to increase visibility into transaction and information flows, thus attracting more participants and enhancing connectivity in the ecosystem.



Business and Revenue Model. We generate our revenues primarily from technology solution service fees based on transaction volume. Our SaaS model offers a low cost of ownership for our customers as it saves them heavy upfront costs and considerable investment in building their own infrastructures and technology stacks from scratch. According to CIC, it typically incurs RMB30 million to RMB40 million upfront costs to develop and implement an in-house system for supply chain finance with AI and big data technology capabilities and RMB5 million to RMB15 million maintenance and upgrade fees every year, while we generally charge zero or limited upfront fees of up to RMB5 million. This revenue model allows us to capitalize on our customers' business growth and recurring transactions. We typically enter into multi-year agreements with anchor enterprises and financial institutions, and have developed a loyal customer base. Our solutions can be deeply embedded in the operations and business flows of our customers, which helps deepen our customer relationship and leads to continuous adoption of our solutions. Our customers of Supply Chain Finance Technology Solutions had a net expansion rate of approximately 125% and approximately 116% in 2019 and the nine months ended September 30, 2020, respectively. For calculation of the net expansion rate, see the section headed "Glossary of Technical Terms and Conventions" of this document. We provide constantly upgraded and refined offerings for our customers through continuous iterations, thereby increasing their stickiness to our solutions and making it possible for us to charge on-going fees. The recurring nature of our revenue provides strong visibility for our business and financial performances.

Rapid Growth. We have experienced rapid growth in recent years. The total transaction volume processed by our Supply Chain Finance Technology Solutions increased by 182% from RMB29.3 billion in 2018 to RMB82.6 billion in 2019. Such transaction volume further increased to RMB122.3 billion for the nine months ended September 30, 2020, representing a 92% year-on-year growth from the same period in 2019. As a result, our total revenue and income increased by 83% from RMB383 million in 2018 to RMB700 million in 2019, and recorded a 52% year-on-year growth for the nine months ended September 30, 2020, reaching RMB808 million. We benefit from high operating leverage, which allows us to increase margin and profitability as we continue to scale our business. Our adjusted net profit reached RMB130 million for the nine months ended September 30, 2020, as compared to RMB37 million for the same period in 2019. For the reconciliation from adjusted profit/(loss) for the year/period to profit/(loss) for the year/period, see the section headed "Financial Information – Non-IFRS Measures" of this document.

OUR STRENGTHS

We believe that the following strengths enable us to capture opportunities arising from China's supply chain finance technology solution industry:

- Pioneer and leader in the thriving supply chain finance technology solution industry
- Purpose-built, end-to-end technology solutions
- High-quality, diverse and loyal customer base
- Scalable and capital light business model with strong operating leverage
- Technology know-how integrated with financial insights

OUR STRATEGIES

We plan to implement the following strategies to strengthen our leadership in the supply chain finance technology solution industry:

- Expand the scope of our solution offerings with continuous optimization
- Broaden customer base and strengthen coverage of industry verticals
- Expand and enhance supply chain finance ecosystem
- Continue to invest in technology and infrastructure
- Further penetrate into international markets

OUR REVENUE MODEL AND KEY OPERATING METRICS

We operate a transaction-based revenue model and generate a substantial majority of our total revenue and income based on the volume of transactions enabled by our solutions.

- *Supply Chain Finance Technology Solutions*. We generate revenue and income from our Supply Chain Finance Technology Solutions primarily from the service fees pursuant to the agreements between us and our customers. These service fees are usually expressed as a percentage of the volume of supply chain assets processed using Supply Chain Finance Technology Solutions. Additionally, in some circumstances, we also charge upfront implementation fees from our customers.

- *Emerging Solutions*. We generate a portion of our revenue and income from our Emerging Solutions by charging service fees pursuant to the agreements between us and our customers. These service fees are usually expressed as a percentage of the volume of supply chain assets processed (in the case of Cross-border Cloud), or the amount of financing extended by the financing institutions (in the case of SME Credit Tech Solutions). As our Emerging Solutions are in their early stage of development, in order to amass sufficient data to train our algorithm and demonstrate their reliability and robustness to our customers, we have used our own capital to fund some of the financing transactions enabled by our Emerging Solutions, in which case we generate revenues from the interest income earned on these transactions.

The following tables set forth certain key operating metrics with respect to our solutions for the periods indicated. As used in the following table and elsewhere in this document, unless otherwise indicated, with respect to a particular solution: (i) the number of customers for a given period refers to the total number of customers that had at least one revenue-generating contract with us during that period, and (ii) the number of partners for a given period refers to the total number of partners that had used that solution during that period.

	For the years ended December 31,		For the nine months ended September 30,
	2018	2019	2020
Total number of our partners			
Anchor enterprise	52	148	294
Financial institution	51	135	182
Supply Chain Finance Technology Solutions			
Total number of anchor enterprise customers	20	52	98
Total number of financial institution customers	23	53	79
Customer retention rate	100%	91%	99%
Net expansion rate	–	125%	116%

The following table sets forth the breakdown of the total volume of supply chain assets processed by, or for our SME Credit Tech Solutions, the total amount of financing enabled by, our technology solutions for the periods indicated.

	For the years ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
	(RMB in millions)			
Supply Chain Finance Technology Solutions	29,338.1	82,594.0	63,775.4	122,329.2
Anchor Cloud	9,071.6	44,931.0	34,280.4	80,810.9
FI Cloud	20,266.4	37,663.0	29,495.0	41,518.2
Emerging Solutions	907.6	5,935.8	2,888.0	4,800.4
Cross-border Cloud	N/A[1]	303.8	63.3	2,894.9
SME Credit Tech Solutions	907.6	5,632.0	2,824.7	1,905.5

Note:

1. Not applicable as our Cross-border Cloud was launched in 2019.

CUSTOMERS

Our customers primarily include anchor enterprises and financial institutions. The majority anchor enterprises we serve operate in the sectors, including real estate, energy, construction, pharmaceutical, manufacturing, among others. We also serve a variety of financial institutions such as banks, securities firms, trust companies and factoring companies. In 2018 and 2019 and for the nine months ended September 30, 2020, our revenue and income from our top five customers accounted for 69.0%, 47.6% and 37.9% of our total revenue and income for the respective periods.

SUPPLIERS

In 2018 and 2019 and for the nine months ended September 30, 2020, our top five suppliers accounted for 45.5%, 33.7% and 32.6% of our purchases for the respective periods. In 2018 and 2019 and for the nine months ended September 30, 2020, our largest supplier accounted for 22.5%, 16.3% and 12.7% of our purchases for the respective periods.

OUR [REDACTED] INVESTORS AND STRATEGIC SHAREHOLDERS

We received multiple series of equity financing from our [**REDACTED**] Investors to support our expanding business operations. Our broad and diverse base of [**REDACTED**] Investors consists of, among others, Tencent, CITIC Capital, Loyal Valley Capital, GIC and Standard Chartered Bank (Hong Kong) Limited, which hold approximately 18.89%, 12.03%, 11.92%, 9.20% and 3.61%, respectively, of our total issued and outstanding shares, as of the date of this document. See the section headed "History, Reorganization and Corporate Structure – [**REDACTED**] Investments – Information about the [**REDACTED**] Investors" of this document.

We benefit significantly from our strategic cooperation with our shareholders. For instance, we have established strategic collaborations with Tencent in the field of supply chain finance technology solutions and the application of blockchain, as well as to cooperate in technology and product development, customer promotion and business development. We and Tencent plan to develop more comprehensive supply chain finance technology solutions for the market through close interaction and resource sharing given our complementary advantages. At the business level, we and Tencent have jointly implemented a number of projects offering supply chain finance technology solutions for anchor enterprises and financial institutions. At the

technology level, Tencent supports us with their leading technology capabilities, such as Tencent Cloud's finance-cloud infrastructures, Tencent's proprietary online payment system, Tenpay, and Tencent's underlying blockchain technology framework. For more information about our relationships with strategic shareholders, see "Business – our Relationship with Strategic Shareholders" of this document.

WEIGHTED VOTING RIGHTS STRUCTURE

Our Company has adopted a WVR structure. Under this structure our Company's share capital comprises Class A Shares and Class B Shares. Each Class A Share entitles the holder to exercise ten votes, and each Class B Share entitles the holder to exercise one vote, respectively, on any resolution tabled at our Company's general meetings, except for resolutions with respect to a limited number of Reserved Matters, in relation to which each Share is entitled to one vote.

Immediately upon the completion of [**REDACTED**], the WVR Beneficiary will be Mr. Song. Mr. Song will beneficially own [**REDACTED**] Class A Shares and [**REDACTED**] Class B Shares, representing approximately [**REDACTED**]% of the voting rights in our Company (assuming the [**REDACTED**] is not exercised) with respect to shareholder resolutions relating to matters other than the Reserved Matters. Mr. Song will hold these Class A Shares through Cabnetvic, Cabnetwa and Cabnetsa, and will hold these Class B Shares through Cabnetnt, all of which are companies directly wholly-owned by Mr. Song. For further details, please see the section headed "Share Capital — Weighted Voting Rights Structure" of this document.

Our Company is adopting the WVR structure to enable the WVR Beneficiary to exercise voting control over our Company. This will enable our Company to benefit from the continuing vision and leadership of the WVR Beneficiary who will control our Company with a view to its long-term prospects and strategy.

Mr. Song has been integral to the success of our Group since its inception. As our Company's Chief Executive Officer and Chairman of the Board, Mr. Song has been and will continue to be responsible for our Group's overall business strategies, daily operation, R&D, financing etc., and also leads our Group in formulating its business and cultural values, as well as setting distinct vision for our Group from time to time. Mr. Song is also responsible for building our corporate image and developing key client relationships and partnerships. Since our inception, Mr. Song has constantly introduced innovation to supply chain finance business scenarios. He has led the adoption of blockchain technology to enhance traceability and authenticity of supply chain finance and payment and to facilitate cross-border supply chain financing by our Group. Under the leadership of Mr. Song, our Group also developed other cutting-edge technologies, including its advanced AI capability, big data and cloud, which enabled our Group to stay at the forefront of innovation in supply chain finance industry.

Prospective [**REDACTED**] are advised to be aware of the potential risks of [**REDACTED**] in companies with WVR structure, in particular that interests of the WVR Beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiary will be in a position to exert significant influence over the affairs of our Company and the outcome of shareholders' resolutions, irrespective of how other Shareholders vote. Prospective [**REDACTED**] should make the decision to [**REDACTED**] in our Company only after due and careful consideration. For further information about the risks associated with the WVR structure adopted by our Company, please refer to the section headed "Risk Factors — Risks Relating to the WVR Structure — Holders of our Class A Shares may exert substantial influence over us and may not act in the best interests of our other Shareholders" of this document.

RISK FACTORS

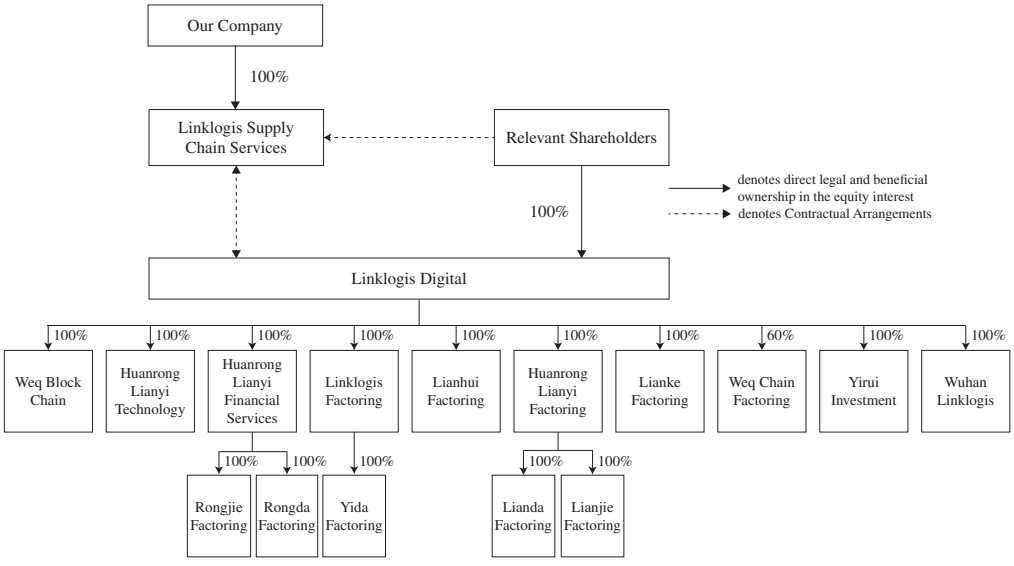
Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors" of this document. Some of the major risks we face include:

- If we cannot continue to innovate or effectively respond to the rapidly evolving technology and market dynamics, our business, financial condition, results of operations and prospects would be materially and adversely affected.
- We operate in an emerging and rapidly evolving industry which may not achieve the development as we expected. This may subject us to various risks and uncertainties and make it difficult to evaluate our future prospects.
- We have a limited history in operating certain of our major offerings. Our historical results may not be indicative of our future performance.
- We have incurred, and in the future may continue to incur, net losses.
- We depend on cooperation with our customers and partners and our ability to maintain and grow our customer base, including anchor enterprises and financial institutions. If our customers and partners reduce or cease the use of our technology solutions for any reason, our business, financial condition, results of operations and prospects may be materially and adversely affected.
- We are subject to customer concentration risk.
- We may face risks and challenges in penetrating into international markets.

CONTRACTUAL ARRANGEMENTS

Our Consolidated Affiliated Entities operate in certain industries that are subject to restrictions under current PRC laws and regulations. In order to comply with the PRC laws and regulations, while availing ourselves of international capital markets and maintaining effective control over all of our operations, the Contractual Arrangements were entered into on October 9, 2018 and were restated and amended on November 9, 2020. Hence, we do not directly own any equity interest in our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, we have effective control over the financial and operational policies of our Consolidated Affiliated Entities and are entitled to all the economic benefits derived from the Consolidated Affiliated Entities' operations. For further details, please see the section headed "Contractual Arrangements" of this document.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



For the risks relating to the Contractual Arrangements, see the section headed "Risk Factors — Risks Related to our Corporate Structure and Contractual Arrangements" of this document for further details.

CONTROLLING SHAREHOLDERS

Immediately after the completion of the [**REDACTED**], Mr. Song, one of our Co-founders, executive Director, Chief Executive Officer and Chairman of our Board, will be interested in and will control [**REDACTED**] Class A Shares and [**REDACTED**] Class B Shares through four shareholding entities, Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt. Each Class A Share has 10 votes per [**REDACTED**] and each Class B Share has one vote per share, capable of being exercised on resolutions in general meeting of the Company. Assuming the [**REDACTED**] is not exercised and immediately upon the completion of [**REDACTED**], Mr. Song's aggregated shareholding will be approximately [**REDACTED**]% of our issued share capital and he will hold approximately [**REDACTED**]% of the voting rights in our Company through shares beneficially owned by him capable of being exercised on resolutions in general meetings (except for resolutions with respect to a limited number of Reserved Matters). For certain Reserved Matters, the Class A Shares beneficially owned by Mr. Song carry one vote per share, and in relation to the Reserved Matters, the aggregate percentage of voting rights Mr. Song may exercise is approximately [**REDACTED**]%. Therefore, Mr. Song, Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt will be our Controlling Shareholders after the [**REDACTED**]. For further details of our Controlling Shareholders, see the section headed "Relationship with the Controlling Shareholders" of this document.

SUMMARY OF KEY FINANCIAL INFORMATION

This summary historical data of financial information set forth below has been derived from, and should be read in conjunction with, our consolidated financial statements, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this document, as well as the information set forth in "Financial Information" of this document. Our financial information was prepared in accordance with IFRSs.

Summary Data from Consolidated Statements of Profit or Loss and Other Comprehensive Income

The table below sets forth our consolidated statements of profit or loss for the years/periods indicated derived from our consolidated statements of profit or loss set out in the Accountants' Report included in Appendix I to this document:

	For the year ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
			(unaudited)	
	(RMB in thousands)			
Revenue and income from principal activities	382,733	699,593	531,055	807,662
Costs of principal activities	(189,207)	(336,621)	(247,157)	(333,345)
Gross profit	193,526	362,972	283,898	474,317
Research and development expenses	(41,293)	(59,876)	(46,119)	(79,174)
Sales and marketing expenses	(42,790)	(68,142)	(45,589)	(60,672)
Administrative expenses	(60,825)	(82,585)	(57,410)	(75,217)
Impairment loss	(3,457)	(27,055)	(13,746)	(33,307)
Other net income	9,518	14,600	8,711	24,722

	For the year ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
			(unaudited)	
	(RMB in thousands)			
Profit from operation	**54,679**	**139,914**	**129,745**	**250,669**
Finance costs	(75,176)	(108,297)	(96,597)	(120,466)
Share of profit/(loss) of an associate	11	(5,358)	(1,582)	8,180
Fair value changes of financial liabilities measured at fair value through profit or loss	(1,396,180)	(1,108,072)	(399,595)	(534,560)
Loss before taxation	**(1,416,666)**	**(1,081,813)**	**(368,029)**	**(396,177)**
Income tax benefit/(expense)	6,361	(161)	(1,445)	(35,815)
Loss for the year/period	**(1,410,305)**	**(1,081,974)**	**(369,474)**	**(431,992)**

For a detailed discussion of the historical changes in certain key items in our consolidated statements of profit or loss and other comprehensive income, see the section headed "Financial Information – Discussion of Results of Operations" of this document.

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted profit/(loss) for the year/period, EBITDA and adjusted EBITDA as additional financial measures, which are not required by, or presented in accordance with IFRSs. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that these measures provide useful information to [**REDACTED**] in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted profit/(loss) for the year/period, EBITDA and adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and [**REDACTED**] should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

Adjusted Profit/(Loss) For the Year/Period

We define adjusted profit/(loss) for the year/period as loss for the year/period adjusted by adding back fair value change of financial liabilities measured at fair value through profit or loss and share-based compensation. We exclude these items because they are not expected to result in future cash payments that are recurring in nature and they are not indicative of our core operating results and business outlook.

The following table reconciles our adjusted profit/(loss) for the year/period presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, namely loss for the year/period.

	For the year ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
			(unaudited)	
	RMB	RMB	RMB	RMB
	(in thousands)			
Reconciliation of loss for the year/period and adjusted profit/(loss) for the year/period				
Loss for the year/period	(1,410,305)	(1,081,974)	(369,474)	(431,992)
Add:				
Fair value change of financial liabilities measured at fair through profit or loss	1,396,180	1,108,072	399,595	534,560
Share-based compensation	–	10,407	6,514	26,985
Adjusted profit/(loss) for the year/period (non-IFRS)	**(14,125)**	**36,505**	**36,635**	**129,553**

EBITDA and Adjusted EBITDA

We define EBITDA as profit from operation for the year/period and adjusted for depreciation and amortization charges. We add back share-based compensation to EBITDA to derive adjusted EBITDA.

The following table reconciles our EBITDA and adjusted EBITDA for the periods presented to their respective most directly comparable financial measure calculated and presented in accordance with IFRSs, namely profit from operation for the year/periods.

	For the year ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
			(unaudited)	
	RMB	RMB	RMB	RMB
	(in thousands)			
Reconciliation of profit from operation for the year/period to EBITDA and adjusted EBITDA				
Profit from operation for the year/period	54,679	139,914	129,745	250,669
Add:				
Depreciation	8,537	17,444	16,484	13,765
Amortization	10,418	15,592	12,019	16,479
EBITDA (non-IFRS)	**73,634**	**172,950**	**158,248**	**280,913**
Add:				
Share-based compensation	–	10,407	6,514	26,985
Adjusted EBITDA (non-IFRS)	**73,634**	**183,357**	**164,762**	**307,898**

Summary Data from Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from the Accountants' Report set out in Appendix I to this document:

	As of December 31,		As of September 30,
	2018	2019	2020
			(unaudited)
	(RMB in thousands)		
Total non-current assets	183,696	282,050	375,049
Total current assets	2,944,808	3,489,602	3,793,915
Total assets	**3,128,504**	**3,771,652**	**4,168,964**
Total non-current liabilities	315,595	23,616	53,385
Total current liabilities	4,353,942	6,338,479	7,132,238
Net current liabilities	**(1,409,134)**	**(2,848,877)**	**(3,338,323)**
Total deficit	**(1,541,033)**	**(2,590,443)**	**(3,016,659)**

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of November 30,
	2018	2019	2020	
			(unaudited)	
	(RMB in thousands)			
Total current assets	2,944,808	3,489,602	3,793,915	4,621,835
Total current liabilities	4,353,942	6,338,479	7,132,238	7,976,479
Net current liabilities	**(1,409,134)**	**(2,848,877)**	**(3,338,323)**	**(3,354,644)**

We recorded net current liabilities of RMB1,409.1 million, RMB2,848.9 million, RMB3,338.3 million and RMB3,354.6 million, respectively, as of December 31, 2018 and 2019 and September 30 and November 30, 2020. The continued increase in our net current liabilities throughout the Track Record Period was primarily due to an increase in the financial liabilities at fair value through profit or loss, as a result of an increase in the fair value of our redeemable convertible preferred shares, convertible loans and ordinary shares with preferential rights. Upon the completion of the [**REDACTED**], all of our preferred shares will be automatically converted into ordinary shares and the preference rights of the abovementioned ordinary shares would be terminated. For more information, see the section headed "Financial Information — Indebtedness — Preferred Shares" of this document. For a detailed discussion of the historical changes in certain key items in our consolidated statements of financial position, see the section headed "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position" of this document.

Summary Data from Consolidated Cash Flow Statements

During the Track Record Period, we funded our working capital and other capital expenditure requirements through a combination of capital contributions by our shareholders and cash generated from our operating activities. The following table sets forth a summary of our cash flows for the periods indicated.

	For the year ended December 31,		For the nine months ended September 30,
	2018	2019	2020
	(RMB in thousands)		
			(unaudited)
Net cash (used in)/generated from operating activities	(991,306)	201,823	(36,419)
Net cash used in investing activities	(122,694)	(94,182)	(82,902)
Net cash generated from/(used in) financing activities	1,607,878	(233,410)	(17,557)
Net increase/(decrease) in cash and cash equivalents	493,878	(125,769)	(136,878)
Cash and cash equivalents at the beginning of the year/period	20,808	519,043	390,027
Effects of exchange rate changes on cash and cash equivalents	4,357	(3,247)	3,499
Cash and cash equivalents at the end of the year/period	**519,043**	**390,027**	**256,648**

Key Financial Ratios

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

	For the year ended December 31,		For the nine months ended September 30,
	2018	2019	2020
Revenue and income growth			
Supply Chain Finance Technology Solutions	N/A	64.4%	53.8%
Emerging Solutions	N/A	483.2%	38.1%
Total revenue and income growth	**N/A**	**82.8%**	**52.1%**
Gross profit margin[(1)]	**50.6%**	**51.9%**	**58.7%**
Supply Chain Finance Technology Solutions	50.0%	47.0%	56.2%
Emerging Solutions	63.2%	81.8%	81.1%
Net profit margin[(2)]	**(368.5)%**	**(154.7)%**	**(53.5)%**
Non-IFRS adjusted net profit margin[(3)]	**(3.7)%**	**5.2%**	**16.0%**
Non-IFRS adjusted EBITDA margin[(4)]	**19.2%**	**26.2%**	**38.1%**

Notes:

(1) Gross profit margin equals gross profit divided by revenue and income from principal activities for the year/period.

(2) Net profit margin equals loss for the year/period divided by revenue and income from principal activities for the year/period.

(3) Non-IFRS adjusted net profit margin equals adjusted profit/(loss) for the year/period divided by revenue and income from principal activities for the year/period. For the reconciliation from adjusted profit/(loss) for the year/period as profit/(loss) for the year/period, see the section headed "Financial Information – Non-IFRS Measures" of this document.

(4) Non-IFRS adjusted EBITDA margin equals adjusted EBITDA divided by revenue and income from principal activities for the year/period. For the reconciliation from adjusted EBITDA to profit from operation for the year/period, see the section headed "Financial Information – Non-IFRS Measures" of this document.

See the section headed "Financial Information – Discussion of Results of Operations" of this document for a detailed discussion of our revenue growth and gross profit margin.

[**REDACTED**]

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the [**REDACTED**] of, and permission to deal in, (i) the Class B Shares in issue, (ii) the Class B Shares to be issued pursuant to the [**REDACTED**] (including any Class B Shares which may be issued pursuant to the exercise of the [**REDACTED**]), and (iii) the Class B Shares that may be issued upon conversion of the Class A Shares on a one to one basis.

DIVIDEND

As advised by our Cayman Islands legal advisor, under Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict our Company from declaring and paying dividends to our Shareholders out of either our profit or our share premium account, provided this would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board. No dividends have been paid or declared by our Company since its incorporation. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

FUTURE PLANS AND USE OF [REDACTED]

The table below sets forth the estimated net [**REDACTED**] of the [**REDACTED**] which we will receive after deduction of [**REDACTED**] fees and commissions and estimated expenses payable by us in connection with the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] stated in this document)	HK$[**REDACTED**]
Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the high end of the [**REDACTED**] stated in this document)	HK$[**REDACTED**]
Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the low end of the [**REDACTED**] stated in this document)	HK$[**REDACTED**]

We intend to use the net [**REDACTED**] we will receive from this [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be allocated to enhance our core technology capabilities and fundamental research and development.
- Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be allocated to expand our cross-border operations.
- Approximately [**REDACTED**]% or approximately HK$[**REDACTED**], will be allocated to enhance our capabilities with respect to sales and marketing, business development and brand building.
- Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] is expected to be used for future strategic investment and acquisitions opportunities.
- Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] is expected to be used for working capital and other general corporate purposes.

For further details, see the section headed "Future Plans and Use of [**REDACTED**]" of this document.

[REDACTED] EXPENSES

Our [**REDACTED**] expenses mainly include [**REDACTED**] fees and commissions and professional fees paid to legal, accounting and other advisors for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**], of which an estimated amount of RMB[**REDACTED**] is expected to be expensed through the statement of profit or loss and the remaining amount of RMB[**REDACTED**] is expected to be recognized directly as a deduction from equity upon the [**REDACTED**].

RECENT DEVELOPMENT

In December 2020, the Monetary Authority of Singapore announced its grant of the license to operate digital wholesale bank in Singapore to a consortium comprising our Hong Kong subsidiary, Linklogis Hong Kong, and two of our strategic partners, in recognition of the compelling value propositions of our business model and our technology innovation.

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, operational or trading positions or prospects since September 30, 2020, being the end of the period reported on as set out in the Accountants' Report included in Appendix I to this document.

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 and Conventions" of this document.

[**REDACTED**]

"Articles of Association" or "Articles"	articles of association of our Company adopted on [●], 2021 with effect from the [**REDACTED**], as amended from time to time, a summary of which is set out in the section headed "Summary of the Constitution of our Company and the Company Laws of the Cayman Islands" in Appendix III to this document
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board"	the board of directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"Cabnetnt"	Cabnetnt Company Limited, a business company incorporated in the BVI and wholly-owned by Mr. Song
"Cabnetsa"	Cabnetsa Company Limited, a business company incorporated in the BVI and wholly-owned by Mr. Song
"Cabnetvic"	Cabnetvic Company Limited, a business company incorporated in the BVI and wholly-owned by Mr. Song
"Cabnetwa"	Cabnetwa Company Limited, a business company incorporated in the BVI and wholly-owned by Mr. Song
"CBIRC"	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant

"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CEO" or "Chief Executive Officer"	the chief executive officer of our Company
"CFEC"	Commercial Factoring Expertise Committee of China Association of Trade in Services (中國服務貿易協會商業保理專業委員會)
"Chief Financial Officer"	the chief financial officer of our Company
"Chief Risk Officer"	the chief risk officer of our Company
"Chief Technology Officer"	the chief technology officer of our Company
"China" or "PRC"	People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"CIC"	China Insights Industry Consultancy Limited, an independent professional market research and consulting company
"CIC Report"	an independent market research report commissioned by us and prepared by CIC for the purpose of this document
"CITIC Capital"	CITIC Capital Holdings Limited, a limited liability company incorporated in Hong Kong
"Class A Shares"	class A ordinary shares of the share capital of our Company with a par value of US$[0.0001] each, conferring weighted voting rights in our Company such that a holder of a Class A Share is entitled to 10 votes per share on any resolution tabled at our Company's general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share

"Class B Shares"	class B ordinary shares of the share capital of our Company with a par value of US$[0.0001] each, conferring one vote per share on any resolution tabled at our Company's general meeting
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"CNIPA"	National Intellectual Property Administration of the PRC (國家知識產權局)
"Code" or "Corporate Governance Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
"Co-founder(s)"	Mr. Song, Mr. Ji and Ms. Chau
"Companies Act" or "Cayman Companies Act"	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"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
"Company" or "our Company"	Linklogis Inc. (聯易融科技集團), an exempted company with limited liability incorporated under the laws of the Cayman Islands on March 13, 2018
"connected person"	has the meaning ascribed thereto under the Listing Rules
"connected transaction"	has the meaning ascribed thereto under the Listing Rules
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely, Linklogis Digital and its subsidiaries (each a "**Consolidated Affiliated Entity**"), details of which are set out in the section headed "History, Reorganization and Corporate Structure" of this document
"Contractual Arrangements"	a series of contractual agreements entered into by, among others, Linklogis Supply Chain Services, Linklogis Digital, and the Relevant Shareholders, details of which are described in the section headed "Contractual Arrangements" of this document

"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Song, Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt. See the section headed "Relationship with the Controlling Shareholders" of this document
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the directors of our Company, including all executive, non-executive and independent non-executive directors
"Equity Incentive Plan"	the equity incentive plan of our Company adopted by our Board on January 24, 2019, and amended and restated on November 25, 2020, the principal terms of which are set out in the section headed "Statutory and General Information — D. Equity Incentive Plan" of Appendix IV to this document
"EU"	the European Union
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"Group," "our Group," "our," "we" or "us"	our Company, its subsidiaries and Consolidated Affiliated Entities from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited
"Hong Kong Takeovers Code" or "Takeovers Code"	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"Huanrong Lianyi Factoring"	Shenzhen Qianhai Huanrong Lianyi Commercial Factoring Co., Ltd. (深圳前海環融聯易商業保理有限公司), a limited liability company established in Shenzhen, the PRC on May 6, 2016 and one of our Consolidated Affiliated Entities

"Huanrong Lianyi Financial Services"	Shenzhen Qianhai Huanrong Lianyi Financial Services Co., Ltd. (深圳前海環融聯易金融服務有限公司), a limited liability company established in Shenzhen, the PRC on February 4, 2016 and one of our Consolidated Affiliated Entities
"Huanrong Lianyi Technology"	Shenzhen Qianhai Huanrong Lianyi Information Technology Co., Ltd. (深圳前海環融聯易信息科技服務有限公司), a limited liability company established in Shenzhen, the PRC on July 25, 2016 and one of our Consolidated Affiliated Entities
"Independent Third Party(ies)"	party or parties that is or are not a connected person (as defined under Chapter 14A of the Listing Rules) of our Company within the meaning of the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Joint Sponsors"	Goldman Sachs (Asia) L.L.C. and China International Capital Corporation Hong Kong Securities Limited
"Latest Practicable Date"	[January 4, 2021], being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
"Lianda Factoring"	Shenzhen Qianhai Lianda Commercial Factoring Co., Ltd. (深圳前海聯達商業保理有限公司), a limited liability company established in Shenzhen, the PRC on September 19, 2016, one of our Consolidated Affiliated Entities
"Lianhui Factoring"	Shenzhen Qianhai Lianhui Commercial Factoring Co., Ltd. (深圳前海聯匯商業保理有限公司), a limited liability company established in Shenzhen, the PRC on July 4, 2018, one of our Consolidated Affiliated Entities
"Lianjie Factoring"	Shenzhen Qianhai Lianjie Commercial Factoring Co., Ltd. (深圳前海聯捷商業保理有限公司) a limited liability company established in Shenzhen, the PRC on November 24, 2016, one of our Consolidated Affiliated Entities
"Lianke Factoring"	Shenzhen Qianhai Lianke Commercial Factoring Co., Ltd. (深圳前海聯科商業保理有限公司), a limited liability company established in Shenzhen, the PRC on April 19, 2018, one of our Consolidated Affiliated Entities
"Linklogis Digital"	Linklogis Digital Technology Group Co., Ltd. (聯易融數字科技集團有限公司), a limited liability company established in Shenzhen, the PRC on February 5, 2016 and one of our Consolidated Affiliated Entities
"Linklogis Factoring"	Shenzhen Qianhai Linklogis Commercial Factoring Co., Ltd. (深圳前海聯易融商業保理有限公司), a limited liability company established in Shenzhen, the PRC on May 12, 2016 and one of our Consolidated Affiliated Entities
"Linklogis Hong Kong"	Linklogis Hong Kong Limited, a limited liability company incorporated in Hong Kong on April 6, 2018 and a wholly-owned subsidiary of our Company

"Linklogis International"	Linklogis International Company Limited, a limited liability company incorporated in Hong Kong on March 7, 2019, a non wholly-owned subsidiary of Linklogis Hong Kong
"Linklogis Supply Chain Services"	Linklogis Supply Chain Services (Shenzhen) Co., Ltd. (聯易融供應鏈服務(深圳)有限公司), a limited liability company established in Shenzhen, the PRC on July 24, 2018 and a wholly-owned subsidiary of our Company
	[**REDACTED**]
"Listing Committee"	the listing committee of the Hong Kong Stock Exchange
	[**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 exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM of the Stock Exchange
"Memorandum" or "Memorandum of Association"	memorandum of association of our Company adopted on [●], 2021 with effect from the [**REDACTED**], as amended from time to time, a summary of which is set out in the section headed "Summary of the Constitution of our Company and the Company Laws of the Cayman Islands" in Appendix III to this document
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOFCOM" or "Ministry of Commerce"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Ji"	Mr. Ji Kun (冀坤), one of the Co-founders, an executive Director and the President of our Company
"Mr. Song"	Mr. Song Qun (宋群), one of the Co-founders, an executive Director, Chairman of the Board and Chief Executive Officer

"Ms. Chau"	Ms. Chau Ka King (周家瓊), one of the Co-founders, an executive Director, Vice Chairperson of the Board and Chief Risk Officer
"National High and New Technology Enterprise"	National High and New Technology Enterprise (國家高新技術企業)
"NBSC"	National Bureau of Statistics of the PRC (中華人民共和國國家統計局)
"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 (中華人民共和國全國人民代表大會)

[**REDACTED**]

"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Legal Advisor"	Commerce & Finance Law Offices, the PRC legal advisor of our Company

[**REDACTED**]

[**REDACTED**]

"Preferred Shares"	the Series A Preferred Shares, Series A+ Preferred Shares, Series B Preferred, Series C Preferred Shares and Series C1 Preferred Shares

[**REDACTED**]

"QIB"	qualified institutional buyer within the meaning of Rule 144A
"Relevant Shareholders"	the registered shareholders of Linklogis Digital, namely, Shenzhen Jianhuilian Investment Partnership (Limited Partnership) (深圳簡慧鏈投資合夥企業(有限合夥)), Shenzhen Yalangu Investment Development Co., Ltd. (深圳亞藍谷投資發展有限公司), Shenzhen Benyuan Ledong Capital Management Center (Limited Partnership) (深圳市本源樂動資本管理中心(有限合夥)), Linzhi Lichuang Information Technology Co., Ltd. (林芝利創信息技術有限公司), Linzhi Tencent Investment Management Co., Ltd. (林芝騰訊投資管理有限公司), Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥)), Zhejiang Yiwu Leyun Investment Partnership (Limited Partnership) (浙江義烏樂雲投資合夥企業(有限合夥)), Shanghai Qiangang Investment Management Partnership (Limited Partnership) (上海乾剛投資管理合夥企業(有限合夥)) and Beijing Jiayun Huayu Investment Co., Ltd. (北京嘉運華鈺投資有限公司)
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC

"Reserved Matters"	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of our Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum or Articles, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of our Company's auditors, and (iv) the voluntary liquidation or winding-up of our Company
"Rongda Factoring"	Shenzhen Qianhai Rongda Commercial Factoring Co., Ltd. (深圳前海融達商業保理有限公司), a limited liability company established in Shenzhen, the PRC on August 30, 2016 and one of our Consolidated Affiliated Entities
"Rongjie Factoring"	Shenzhen Qianhai Rongjie Commercial Factoring Co., Ltd. (深圳前海融捷商業保理有限公司), a limited liability company established in Shenzhen, the PRC on November 28, 2016 and one of our Consolidated Affiliated Entities
"RSU"	a restricted share unit award to be granted to a participant under the Equity Incentive Plan
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), currently known as SAMR
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), formerly known as the SAIC
"Series A Investors"	holders of the Series A Preferred Shares
"Series A Preferred Shares"	the series A preferred shares with a par value of US$[0.0001] per share in the authorized share capital of our Company allotted and issued to the Series A Investors
"Series A+ Investor"	holder of the Series A+ Preferred Shares
"Series A+ Preferred Shares"	the series A+ preferred shares with a par value of US$[0.0001] per share in the authorized share capital of our Company allotted and issued to the Series A+ Investor

"Series B Investors"	holders of the Series B Preferred Shares
"Series B Preferred Shares"	the series B preferred shares with a par value of US$[0.0001] per share in the authorized share capital of our Company allotted and issued to the Series B Investors
"Series C Investors"	holders of the Series C Preferred Shares, other than Cabnetnt
"Series C Preferred Shares"	the series C preferred shares with a par value of US$[0.0001] per share in the authorized share capital of our Company allotted and issued to the Series C Investors and Cabnetnt
"Series C1 Investor"	holder of the Series C1 Preferred Shares
"Series C1 Preferred Shares"	the series C1 preferred shares with a par value of US$[0.0001] per share in the authorized share capital of our Company allotted and issued to the Series C1 Investor
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)" or "Ordinary Share(s)"	the Class A Shares and Class B Shares in the share capital of our Company, as the context so requires
"Shareholder(s)"	holder(s) of our Share(s)
"sophisticated investor(s)"	has the meaning ascribed to it under Guidance Letter HKEX-GL93-18 issued by the Stock Exchange
"STA"	State Taxation Administration of the PRC (中華人民共和國國家税務總局)
	[**REDACTED**]
"State Council"	State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance. Unless the context requires otherwise, reference to our subsidiaries shall also include our Consolidated Affiliated Entities
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules

"Tencent"	Tencent Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 0700)
"Tencent Group"	Tencent, its subsidiaries and its controlled affiliated entities
"Track Record Period"	the financial years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020

[**REDACTED**]

"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"VAT"	value-added tax, all amounts are exclusive of VAT in this document except where indicated otherwise
"weighted voting rights" or "WVR"	has the meaning ascribed to it in the Listing Rules
"Weq Block Chain"	Shenzhen Qianhai Weq Block Chain Technology Co., Ltd. (深圳前海微企區塊鏈科技有限公司), a limited liability company established in Shenzhen, the PRC on January 18, 2018 and one of our Consolidated Affiliated Entities
"Weq Chain Factoring"	Shenzhen Qianhai Weq Chain Commercial Factoring Co., Ltd. (深圳前海微企鏈商業保理有限公司), a limited liability company established in Shenzhen, the PRC on April 19, 2018 and one of our Consolidated Affiliated Entities

[**REDACTED**]

"Wuhan Lianyisheng"	Lianyisheng Supply Chain Services (Wuhan) Co., Ltd (聯易盛供應鏈服務(武漢)有限公司), a limited liability company established in Wuhan, the PRC on December 25, 2019 and a wholly-owned subsidiary of our Company

"Wuhan Linklogis"	Wuhan Linklogis Technology Information Co., Ltd. (武漢聯易融科技信息有限公司), a limited liability company established in Wuhan, the PRC on August 28, 2019 and one of our Consolidated Affiliated Entities
"WVR Beneficiary"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Song, being the ultimate holder of the Class A Shares, entitling him to weighted voting rights, details of which are set out in the section headed "Share Capital" of this document
"WVR structure"	has the meaning ascribed to it in the Listing Rules
	[**REDACTED**]
"Yida Factoring"	Shenzhen Qianhai Yida Commercial Factoring Co., Ltd. (深圳前海易達商業保理有限公司), a limited liability company established in Shenzhen, the PRC on August 30, 2016 and one of our Consolidated Affiliated Entities
"Yirui Investment"	Shenzhen Yirui Investment Development Co., Ltd. (深圳易睿投資發展有限公司), a limited liability company established in Shenzhen, the PRC on November 26, 2019 and one of our Consolidated Affiliated Entities

GLOSSARY OF TECHNICAL TERMS AND CONVENTIONS

This section contains definitions of certain terms used in this document in connection with our Company and our business. Some of these may not correspond to standard industry definitions.

"ABN"	asset-backed medium-term notes, securitization financing instruments using cash flow generated by underlying assets as the source of repayment in the Chinese inter-bank market through issuance vehicles (mainly trust plans)
"ABS"	asset-backed securities, securitization financing instruments using cash flow generated by underlying assets as the source of repayment issued in the Chinese stock exchange market, and their issuance vehicles typically are special purpose plans set up by securities companies
"AI"	artificial intelligence
"AML"	anti money laundering, the laws, regulations and procedures intended to prevent criminals from disguising illegally obtained funds as legitimate income
"anchor enterprises"	the dominant participants in supply chain, which are typically large corporates with high credit rating an important influence on other enterprises in the upstream and downstream of the industrial chain
"annualized percent rate"	the monthly all-in borrowing cost as a percentage of the outstanding balance annualized by a factor of 12
"API"	application programing interface, a set of clearly defined methods of communication between various software components
"big data"	advanced analytic techniques against massive, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information that can help organizations make more-informed business and risk management decisions
"blockchain"	a digital database containing information (such as records of financial transactions) that can be simultaneously used and shared within a large decentralized, publicly accessible network so that the record cannot be altered retroactively without the alteration of all subsequent blocks and the collusion of the network, allowing transactions to be verified and audited efficiently

GLOSSARY OF TECHNICAL TERMS AND CONVENTIONS

"CAGR"	compound annual growth rate, a method of assessing the average growth of a value over a certain time period
"cloud-based"	applications, services or resources made available to users on demand via the Internet from a cloud provider's servers with access to shared pools of configurable resources
"cloud-native"	the container-based environments that allow the users to build and run scalable applications in modern, dynamic environments such as public, private, and hybrid clouds
"commercial factoring"	the financial transactions in which suppliers transfer their accounts receivable to a non-bank financier at a certain discount in exchange of funds
"component"	in the context of describing our technology infrastructure, a component is a part of a module which performs a single function such as document cataloging, instant messaging and graphic uploading
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
"customer retention rate"	the retention rate of a certain group of customers for a given period is calculated by dividing the number of customers for the same period in the previous year who remain our customers in the current period by the total number of customers for the same period in the previous year
"EBITDA"	profit from operation for the year/period and adjusted for depreciation and amortization charges
"ERP"	enterprise resource planning, a business process management software that allows an organization to use a system of integrated applications to manage the business and digitalize back-office functions relating to technology, services, and human resources
"factoring"	unless otherwise specified, all the references to "factoring" refer to the financial transactions in which suppliers transfer their accounts receivable to a financier at a certain discount in exchange of funds
"Fortune Global 500"	an annual ranking of the top 500 corporations worldwide as measured by revenue, compiled and published annually by Fortune magazine

GLOSSARY OF TECHNICAL TERMS AND CONVENTIONS

"GDP"	gross domestic product
"IT"	information technology
"KYC"	know your customers, the process that identifies prospective customers' background, operating activities and business nature, such as customer identification and risk assessment.
"microservices"	the cloud-native infrastructure used to support and construct our technology solutions to serve the needs of specific use cases; unlike components, microservices can operate on a standalone basis, creating potential for future collaboration between the providers and users of the microservices
"module"	in the context of describing our technology infrastructure, a module refers to a self-contained part of a system or application that can operate on a standalone basis to support specific functionality or use cases; a module is usually comprised of multiple components
"net expansion rate"	we use net expansion rate to track our ability to increase customers' usage of our technology solutions over time and grow revenues from existing customers to calculate the net expansion rate for a current period, we first identify our customers for the same period in the previous year; we then calculate the net expansion rate for such current period as the quotient obtained by dividing the revenue generated by the same group of customers during the current period by the revenue they generated during the same period in the previous year
"NLP"	natural language processing, the technology which enables machines to read, understand and derive meanings from human languages; NLP is used to analyze texts, which gives computers the ability to process and interpret texts in a meaningful way
"OCR"	optical character recognition, a technology used in reading and converting typed, printed or handwritten digital image into text or other types of information that the computer can manipulate
"R&D"	research and development
"SaaS"	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted

"securitization"	a process in which the assets are packaged into securitized products, such as ABS, ABN and products listed or not listed in other places
"SME(s)"	small and mid-size enterprises
"SPV"	special purpose vehicle
"supply chain assets"	an enterprise's assets created in supply chains, such as accounts receivable, prepayments or inventories
"supply chain finance"	a set of finance and payment solutions that aim to optimize payment cycle and improve working capital efficiency for suppliers and buyers by leveraging credit profile of the anchor enterprises
"tier-1 suppliers"	the suppliers who directly transact with and provide products or services to anchor enterprises in supply chains
"Top 100 Companies in China"	enterprises ranked top 100 in China in the list of "Top 500 Enterprises of 2019" compiled by the China Enterprise Confederation and the China Enterprise Directors Association
"Top 20 Largest Commercial Banks"	commercial banks ranked top 20 in China in the list of "Top 100 Banks in China Banking Industry of 2019 As Measured by Core Tier-1 Capital" compiled by China Banking Association
"Top 20 Largest Securities Firms"	securities firms ranked top 20 in China in the list of "Ranking of Securities Firms of 2019 As Measured by Net Assets" compiled by Securities Association of China
"Top 500 Enterprises of China"	the list of top 500 enterprises in China compiled by the China Enterprise Confederation and the China Enterprise Directors Association in 2019

Unless otherwise specified, in this document:

- Certain amounts and percentage figures 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;
- for ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries and Consolidated Affiliated Entities) have been included in the document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only; and
- all references to corporate credit ratings, such as AA+ or AAA, refer to those assigned to enterprises by PRC rating agencies.

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will," "expect," "anticipate," "estimate," "believe," "going forward," "ought to," "may," "seek," "should," "intend," "plan," "projection," "could," "vision," "goals," "aim," "aspire," "objective," "target," "schedules" and "outlook") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

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

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- all other risks and uncertainties described in the section headed "Risk Factors" of this document.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution [**REDACTED**] against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

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

An [**REDACTED**] *in our* [**REDACTED**] *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" of this document, before deciding to* [**REDACTED**] *in our* [**REDACTED**]. *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 an event, the market price of our* [**REDACTED**] *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 in the section headed "Forward Looking Statements" of this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we cannot continue to innovate or effectively respond to the rapidly evolving technology and market dynamics, our business, financial condition, results of operations and prospects would be materially and adversely affected.

We offer a wide selection of solutions that leverage cutting-edge technologies, such as AI, blockchain, big data and cloud, to digitalize the entire supply chain financing workflows and optimize payment cycles. Innovation is part of our long-term growth strategy and is key to our ability to improve our technology solution offerings and develop new technologies to address evolving customer needs. If we fail to innovate, our leading position could be damaged, which in turn would materially and adversely affect our business, financial condition, results of operations and prospects. Sustained innovation requires us to invest significant resources in identifying unmet or underserved customer needs, developing new technologies and services, and attracting a sufficient number of talented employees, among other things. Our investments in innovation, which could be costly, may not generate the anticipated economic benefits in the near term, or at all, in which case our business, results of operations, financial condition and prospects may be materially and adversely affected.

We operate in the supply chain finance technology solution industry in China, which is characterized by rapid technological changes, evolving industry standards, continued launch of new products and services, and increasingly diversified customer needs and preferences. Our success will depend, in part on our ability to adapt and respond to these changes effectively and in a timely manner. This requires us to continue to invest significant resources in enhancing our technology infrastructure and research and development efforts. The changes and developments taking place in the supply chain finance technology solution industry may also require us to from time to time re-evaluate our business model and adopt significant changes to our long-term strategies and business plans. We cannot assure you that we will be successful in implementing these initiatives. If we are unable to respond to technological development in a cost-effective and timely manner, our business, financial condition and results of operations could be materially and adversely affected.

We operate in an emerging and rapidly evolving industry which may not achieve the development as we expected. This may subject us to various risks and uncertainties and make it difficult to evaluate our future prospects.

The supply chain finance technology solution industry in China is highly dynamic and rapidly evolving. Operating in this industry demands applying cutting-edge technologies to digitalize supply chain financing workflows and optimize payment cycles, which is an emerging and relatively new business model in China. In addition, we are faced with uncertainties relating to the intensifying competition and evolving regulatory environment in China's supply chain finance technology solution industry. There have been limited proven methods to project available technology, regulatory and industry standards on which we can rely, and the delayed, unexpected or adverse developments in this sector may adversely and materially affect our operational and financial performances.

As market dynamics, regulatory environment and our business continue to develop, we may need to adjust our business model and continue to upgrade our offerings, and if we fail to adapt to these developments promptly, or at all, our business, financial condition, results of operations and prospects may be materially and adversely affected.

You should consider our business and prospects in light of these uncertainties we encounter or may encounter in this rapidly evolving industry, including our ability to, among other things:

- navigate in the changing macroeconomic environment in China and around the world, which can be affected by various factors, such as political or social conditions, global financial market disruptions and health epidemic such as the COVID-19;
- successfully compete with our competitors, some of which may have substantially greater resources than we do in some of the businesses we conduct;
- adapt our solutions to address evolving needs of our customers and partners, including those arising from developments in the regulatory environments in which they operate;
- respond to changes in the regulatory environment;
- maintain and enhance our relationships with major stakeholders in the supply chain finance industry, including but not limited to anchor enterprises and their suppliers and financial institutions;
- collaborate with more anchor enterprises and financial institutions and increase the volume of supply chain assets processed through our technology solutions;
- innovate and broaden our services offerings;
- improve our operational efficiency;
- maintain the security of our IT system and ensure the security and privacy of the data we obtained through and utilized across our solutions and systems;
- attract, retain and motivate talented employees; and
- defend ourselves in litigation, such as regulatory, intellectual property rights infringement, data privacy or other claims.

If we are unable to effectively address these risks and uncertainties, our prospects, business, financial condition and results of operations could be materially and adversely affected.

We have a limited history in operating certain of our major offerings. Our historical results may not be indicative of our future performance.

We commenced our operations in 2016. Our limited operating history may make it difficult to evaluate our future prospects and the risks and uncertainties associated with new offerings, and our historical performance may not be indicative of our future prospects and operating results. For instance, we launched our Cross-border Cloud in 2019 and have a limited history in operating such service offering. You should consider our prospects and future profitability in light of the risks, uncertainties, and difficulties encountered by any new company. Such risks and uncertainties may affect our ability to develop and maintain our range of services for our customers and partners and to compete with our competitors.

We may not be able to sustain our historical growth rates.

We have experienced rapid growth in recent years. In 2018 and 2019 and for the nine months ended September 30, 2020, our total revenue and income amounted to RMB382.7 million, RMB699.6 million and RMB807.7 million, respectively. There can be no assurance, however, that we will be able to maintain our historical growth rates in future periods. Our revenue growth may slow down and even decline for a number of possible reasons, some of which are beyond our control, including, among others, increasing competition, slower growth of China's supply chain finance technology solution industry, emergence of alternative business models and adverse changes in the general economic conditions. If our growth rate declines, [**REDACTED**] perceptions of our business and prospects may be adversely affected.

We have incurred, and in the future may continue to incur, net losses.

We have incurred net losses in the past. In 2018 and 2019 and for the nine months ended September 30, 2020, we had net losses of RMB1,410.3 million, RMB1,082.0 million and RMB432.0 million, respectively, primarily due to the fair value change of financial liabilities measured at fair value through profit or loss of RMB1,396.2 million, RMB1,108.1 million and RMB534.6 million, respectively, in 2018 and 2019 and for the nine months ended September 30, 2020. This, in turn, was mainly due to an increase in the fair value of redeemable convertible preferred shares and convertible loans, driven by our strong business growth and improved business outlook. We cannot assure you that we will be able to generate net profits in the future. Our ability to achieve profitability depends in large part on, among other factors, our ability to successfully promote our technology solutions, achieve economies of scale, establish effective pricing strategies, effectively navigate in different markets and increase operational efficiency. If we are unable to generate adequate revenues or effectively manage our costs and expenses, we may continue to incur losses in the future and may not be able to achieve or subsequently maintain profitability.

We depend on cooperation with our customers and partners and our ability to maintain and grow our customer base, including anchor enterprises and financial institutions. If our customers and partners reduce or cease the use of our technology solutions for any reason, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our relationship with our customers and partners is crucial to our success. We generate revenues primarily by charging service fees for the technology solutions we offer to our customers and partners, including anchor enterprises and financial institutions. If we fail to maintain relationships with our customers and partners and thereby fail to continue to grow our customer base, or if our customers and partners reduce or cease the use of our solutions for any reason, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business depends significantly on our relationship with anchor enterprises and financial institutions as well as their ability and willingness to continue to partner with us and leverage our solutions. We generally enter into non-exclusive agreements with our customers, and in some circumstances may need to undergo a complex and selective bidding process. We believe our customers and partners choose our solutions to address some of their most common and critical challenges. However, they may choose to leverage their in-house R&D capabilities to develop their own supply chain finance technology platforms and solutions. We cannot ensure that we will be able to meet those requirements, continue to renew the contracts with our customers or win the bid, or our customers will not engage other third-party technology solution providers during the terms of their contracts. If our customers and partners are increasingly relying on the technology solutions developed in-house, or for any other reason reduce or cease their use of our technology solutions, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our ability to maintain and expand our customer base and build long-term relationships with them also depends on many other factors, such as:

- our ability to continually innovate our technologies and solutions to keep pace with rapid technological changes and intense market competition;
- our ability to continually upgrade and innovate our solutions and expand our offerings in response to evolving customer demands and expectations;
- the satisfaction of our customers and partners with the performance, customization and effectiveness of our solutions and customer services;
- our ability to predict market demand accurately and offer attractive products and services at appropriate prices;
- the success and growth of our customers and partners, which could be affected by general-economic and market conditions and regulatory developments, among other things.

If we are unable to effectively maintain relationships with customers and partners, our prospects, business, financial condition and results of operations could be materially and adversely affected.

The financial institutions that we collaborate with are highly regulated, and the tightening of laws, regulations or standards in the financial services industry could harm our business.

Our business depends significantly on our relationships with financial institutions, such as banks, securities firms, and trust companies, as well as their ability and willingness to continue to partner with us and leverage our solutions. These financial institutions are highly regulated and are required to comply with complex and constantly evolving regulations and industry standards, regulatory developments, including those in respect of risk management and data privacy, could adversely affect their ability and willingness to maintain or expand their relationships with us or which could result in a decrease in the volume of their financing transactions enabled by our technology solutions. Our customers that are financial institutions may be required to include restrictive provisions in their contracts with technology solution providers such as us, with respect to data security and privacy, ongoing monitoring, risk management and other limitations. These provisions may limit the scope of our solutions that our financial institution customers are able to use or increase the compliance, operating and other costs of financial institutions associated with using our solutions, and financial institutions may pass those increased costs to us or have to adjust their business practices in ways that reduce or even eliminate their use of our solutions which, in turn, may adversely affect our business, result of operations and financial conditions.

In order to meet the requirements under the evolving regulatory regime, the financial institutions that we collaborate with may need to adopt changes to the cooperation model with their business partners, including us, which may adversely affect our business. For example, our SME Credit Tech Solutions enable financial institutions to provide financing to SMEs. On August 20, 2020, China's Supreme People's Court announced its decision to lower the cap for private lending total annual percentage rates (inclusive of any default rate, default penalty and any other fee) to a level not exceeding 4 times that of China's benchmark one-year loan prime rate (the "**LPR**"); based on the LPR of 3.85% as published on December 21, 2020, such cap would be 15.4%. There remain uncertainties in the interpretation and implementation of the revised judicial interpretation, including its applicability to the financial institutions. If the financing provided by the financial institutions are subject to the cap, the exceeding rate portion of financing will not be legally protected and may not be fully collected by the financial institution from the suppliers, which may result in a decrease of the revenues that we are able to generate from such financial institutions, in which case our business, financial condition, results of operation and prospects could be materially and adversely affected.

We are subject to customer concentration risk.

We depend on a limited number of customers to generate a substantial portion of our revenues. Our five largest customers in terms of revenue in 2018 and 2019 and for the nine months ended September 30, 2020 accounted for, in the aggregate, 69.0%, 47.6% and 37.9%, respectively, of our total revenue and income for the same periods, and our single largest customer in terms of revenue alone accounted for 28.7%, 20.4% and 14.0%, respectively, of our total revenue and income for the same periods. There is no assurance that we will be able to maintain or expand our relationships with our major customers, or that we will be able to continue to serve them at current levels, or at all. If any of our major customers significantly reduces or even ceases its use of our solutions or, if this were to occur, we are unable to find alternative customers at comparable levels, or at all, we may experience a decline in our revenues, which, in turn, would negatively affect our results of operations. While our customers operate in various industries and regions, to the extent there are significant recessions or other adverse developments in one or more of these industry verticals or regions, the business and financial condition of our customers may deteriorate, which may, in turn, have a material adverse effect on our financial condition and results of operations.

We operate in an increasingly competitive environment. If we fail to compete effectively, we may lose our customers and partners, which could materially and adversely affect our business, financial condition and results of operations.

The supply chain finance technology solution industry in the PRC is increasingly competitive, and there is no guarantee that we will be able to sustain our competitive advantage or to effectively implement our business strategies. We face intense competition primarily from third-party supply chain finance technology solution providers. Some of these competitors may have established strong brand recognition, robust technological capabilities and significant financial resources or offer comparable technology solutions or own similar business scale to us. Intensifying competition may result in certain developments in our industry, such as downward competitive pressure on the service fees we charge, expansion by existing competitors, adoption by our competitors of innovative technology solutions or comparatively effective branding efforts, any of which may have a material adverse impact on our financial condition, results of operations and growth prospects. Increased investments made and lower prices or innovative services offered by our competitors may require us to divert significant managerial, financial and human resources in order to remain competitive, and ultimately may place a greater pressure on us to maintain our market share and negatively impact the revenues growth and profitability of our business.

Furthermore, our business is subject to rapid changes in the industries we operate in, such as the introduction of new business models, and the entry of new and well-funded competitors or industry disruptors. We may face even more intensified competition as a result of certain alliances, acquisitions or consolidations within the industries where we operate that result in emergence of stronger competitors. Existing and new competitors may leverage their established platforms or market positions, or introduce innovative business models, to launch products or services that may attract a large customer base and achieve rapid growth, which may materially and adversely affect our business and results of operations. As we continue to expand into markets outside of China, we increasingly face competition from international players operating in these markets, as well as geopolitical tensions, regulatory challenges and protectionist policies that may support domestic players in these markets.

If we are not able to compete effectively, the number of our customers and partners may decrease and our market share and profitability may be negatively affected, which could materially and adversely affect our business, financial condition, results of operations and prospects, as well as our reputation and brand.

Failure to maintain or improve the reliability, performance and availability of our technology capacities, solutions and infrastructures may materially and adversely affect our business, financial condition, results of operations and prospects.

The satisfactory performance, reliability and availability of our solutions and underlying technologies and infrastructures are critical to our operations, customer service, reputation and our ability to retain existing customers and partners and to attract new ones.

We are constantly upgrading our solutions to maintain and to improve their performance, which requires significant investment. In 2018 and 2019 and for the nine months ended September 30, 2020, we had research and development expenses of RMB41.3 million, RMB59.9 million and RMB79.2 million, respectively. However, our solutions are subject to unanticipated failures or disruptions, which results in various operational risks, such as improper information processing, slower response time, and substandard user experience. For instance, our AMS Cloud is designed to help anchor enterprises collect, verify and analyze a large volume of information relating to supply chain assets and the identity of the transaction parties. If we fail to properly and accurately process and manage all such information, the quality of the supply chain assets collected on AMS Cloud may be compromised, which will have an adverse impact on our reputation, financial condition and results of operations. In addition, we rely on certain proprietary technology and third-party services to store, retrieve, process and manage immense amounts of data for our operations. Such services on which we rely may contain undetected errors or bugs. If we are unable to maintain and constantly improve our technology infrastructure and to properly handle technological failures or disruptions, our business, financial condition, results of operations and prospects, as well as our reputation, may be materially and adversely affected.

In the event of data outage or loss, our ability to offer supply chain finance technology solutions may be materially and adversely affected. Our operations depend on our ability to protect our systems against damage or interruption from natural disasters, power or telecommunications failures, environmental conditions, computer viruses or other attempts to harm our systems, criminal acts and similar events. In addition, if there is a lapse in service or damage to our leased facilities, we could experience business interruptions as well as delays and additional expenses in arranging new facilities, which could harm our relationships with stakeholders of our supply chain finance ecosystem and our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may face risks and challenges in penetrating into international markets.

We intend to leverage our strong relationships with existing customers and partners to expand our global footprint. Since we began to offer our Cross-border Cloud in 2019, we have been constantly introducing new features and functionality to fulfill the needs of different stakeholders in the cross-border supply chain finance and payment processes. Expanding our global footprint requires us to continue to explore new business opportunities and cater to the diverse needs and preferences of customers and partners across multiple markets and geographies. We may be less well-known and have fewer local resources in overseas markets than some of our local or global competitors. In addition, geopolitical tensions, protectionist or tightening national security policies could, among other things, hinder our ability to execute our international growth strategies our make [**REDACTED**] that develop new growth initiatives and technologies, and may put us at a competitive disadvantage relative to local companies in other jurisdictions. The expansion of our global footprint will expose us to risks and challenges inherent in operating businesses in multiple jurisdictions, including, among others:

- failure to localize such offerings to appeal to local preferences, to market and promote our technology solution offerings in international markets, and to acquire and establish long term relationships with international customers and partners;

- failure to manage or achieve desired [**REDACTED**] return from certain of our overseas [**REDACTED**] and opportunities for which we are subject to limited liabilities, such as the digital wholesale bank business in Singapore led by a consortium comprising one of our Hong Kong-incorporated subsidiary and our strategic partners, or reach the level of integration among our existing and new overseas operations;

- increased difficulties, costs and resources to protect and enforce our intellectual property rights overseas;

- failure to ensure compliance with applicable local laws and regulations, such as those with respect to labor laws, data security and privacy laws;

- failure to attract and retain capable talents with international perspectives who can effectively manage and operate local businesses;

- challenges in replicating or adapting our company policies and procedures to operating environments different from that of China, including those relating to technology infrastructure;

- political instability and downward general economic or political conditions to the extent they adversely impact our ability to tap into new regional markets, such as geopolitical frictions and uncertainties, exchange rate fluctuations, or regional social unrest;

Failure to manage these risks and challenges could negatively affect our ability to expand our cross-border business as well as materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to uncertainties associated with evolving legal and regulatory requirements that are applicable to our businesses. If we fail to comply with these requirements, or fail to adapt to developments in the regulatory environment, our business and prospects may be materially and adversely affected.

Our business operations, including, among others, the provision of Internet information service, supply chain finance technology solutions offered to financial institutions and anchor enterprises and facilitating financing transactions for financial institutions, are subject to supervision and regulation by various governmental authorities in China and in other jurisdictions where we operate. See the section headed "Regulatory Overview" of this document for a detailed discussion of the laws and regulations applicable to our business operations. In addition, as we continue to expand our offerings, we may be subject to new and more complex regulatory requirements that we have limited knowledge of. We face challenges brought by existing and new laws, regulations and regulatory requirements, as well as significant uncertainties in the interpretation and application thereof. Legal and regulatory restrictions may delay, or possibly prevent, some of our solutions from being offered, which may have a material adverse effect on our business, financial condition and results of operations. Violation of laws and regulations may also result in severe penalties, confiscation of illegal income, revocation of licenses and, under certain circumstances, criminal prosecution.

The PRC regulatory requirements applicable to participants in China's supply chain finance technology solution industry have been continually evolving. New laws or regulations may be promulgated, imposing new requirements or prohibitions that render certain aspects of our business model and operations non-compliant. In particular, there might be changes in the PRC regulatory regime for the supply chain finance technology solution industry that inhibit or prohibit us from carrying out all or part of our current business. In addition, due to uncertainties and complexities of the regulatory environment, we cannot assure you that regulators will interpret laws and regulations the same way we do, or that we will always be in full compliance with applicable laws and regulations. Violations of applicable laws and regulations may cause us to alter our business model and practices in ways that render our offerings less appealing. We may also become subject to fines or other penalties and, if we determine that the requirements to operate in compliance are overly burdensome, may elect to terminate the operations found to be in violation of applicable laws and regulations or potentially non-compliant practices. If any of these were to occur, our business, financial condition and results of operations would be materially and adversely affected.

We are exposed to credit risks associated with certain offerings of our Emerging Solutions.

Our Emerging Solutions consist of Cross-border Cloud and SME Credit Tech Solutions, featuring a wide range of innovative, data-driven solutions that supplement and enrich our existing supply chain finance technology solutions. Since Emerging Solutions are in the early stage of development, in order to build trust and relationships with financial institution, we in certain circumstances enter into various types of arrangements with financial institutions which will protect them against losses on the financing they extend including, for example, our undertaking to acquire the rights as the financiers from the financial institutions in the event of a default or late payment. We refer to the financing transactions covered by the foregoing contractual arrangements as "covered" financing transactions. We bear the associated credit risk to the extent that we are obligated to perform our obligations under the contractual arrangements in the covered financing transactions.

To achieve the aforementioned business goals, we also fund a portion of the financing extended to SMEs through SME Credit Tech Solutions using our own capital. We refer to the financing funded using our own capital as described above as "self-funded" financing transactions. In these transactions, we earn the interests and receive payments from the suppliers when the financing is due and are therefore exposed to the credit risks associated with the suppliers. This risk is heightened by the fact that many of the suppliers financed in the self-funded and covered financing transactions are SMEs that are generally less resilient to macroeconomic fluctuations or unfavorable regulatory changes and, as a result, are more likely to default or become delinquent on their borrowings than large corporations. If there is a significant increase in the delinquency or default rates on these financing transactions extended to SMEs, our financial condition and results of operations may be materially and adversely affected. Additionally, in some of the financing transactions enabled by our Cross-border Cloud, we use our own capital to acquire from suppliers their accounts receivable due from anchor enterprises and as a result are subject to credit risk to the extent that the anchor enterprises default on their payment obligations.

While we believe we implement robust internal risk management systems and procedures, we cannot assure you that our assessment and monitoring of the credit risk to which we are exposed will always be adequate. If we are unable to effectively identify, monitor and mitigate the credit risks associated with our self-funded and covered financing transactions, our business, financial condition and results of operations may be materially and adversely affected.

We may be subject to risks in connection with the warehoused accounts receivable in the securitization offerings enabled by ABS Cloud.

We may be subject to risks in connection with the securitization offerings enabled by our ABS Cloud to the extent the offerings are unsuccessful and the anchor enterprises fail to perform their payment obligations with respect to the warehoused accounts receivable.

In a typical securitization offering, the underlying assets, mostly suppliers' accounts receivable due from anchor enterprises, will first be transferred from the suppliers to one of our affiliated companies for a short period of time before passed on to an SPV formed specifically for the securitization offering. While in many cases the acquisition of the underlying assets is financed by the anchor enterprises or their affiliates, the acquisition is also financed by short-term bridge loans that we borrow from third-party funding providers or by using our own capital. The process from the acquisition of underlying assets to the receipt of the proceeds from the securitization offerings is called "warehousing," and, in the event that the asset acquisition is financed by short-term bridge loans or our own capital, the warehousing process is generally completed within one to two weeks. In the event of bridge loan financing, pursuant to the arrangements among us, the funding partners and the anchor enterprises, we repay the loans borrowed from third-party funding providers (i) using the proceeds from the securitization offerings, and, (ii) if the offering turns out unsuccessful due to adverse market conditions, using the amount paid to us by the anchor enterprises. In the latter case, the anchor enterprises shall transfer the amount to us before we repay the loans since, pursuant to the aforementioned agreements, their accounts receivable due to suppliers shall become due immediately or they are required to repurchase the accounts receivable from us. Accordingly, to the extent the securitization offering is unsuccessful and the anchor enterprises fail to make the payment to us as described above we may not be able to realize the warehoused accounts receivable due from anchor enterprises in full, or in a timely manner, or at all, which, in turn, could have a material adverse impact on our financial condition, results of operations, business and

reputation. For a detailed discussion of the securitization offerings enabled by ABS Cloud, see the section headed "Business — Our Solutions — Our Supply Chain Finance Technology Solutions — FI Cloud — ABS Cloud" of this document.

The COVID-19 pandemic presents challenges to our business and the effects of the pandemic could adversely affect our business, financial condition and results of operations.

Beginning from December 2019, a novel strain of coronavirus, or the COVID-19, resulted in prolonged mandatory quarantines, lockdown, closures of businesses and facilities and travel restrictions imposed by the Chinese government and other countries around the world. The COVID-19 pandemic, as well as the restrictions imposed and actions taken by the governments and society as a whole in response to the COVID-19 pandemic, could present significant challenges and uncertainties. Although the Chinese economy has been recovering steadily from the impact of COVID-19 since the second half of 2020, any recurrence of the COVID-19 outbreak in China or continuance of the outbreak in other parts of the world could adversely impact our business operations or the business operations of our customers and partners thus in turn having an adverse impact on our business, results of operations and financial condition. Specifically, as currently a substantial portion of the anchor enterprises served by our Cross-border Cloud are based in the Northern America and Europe, the negative impact of the pandemic on these regions has put significant strain on our ability to expand our presence among customers and partners in these regions. Failure to contain the further spread of COVID-19 will prolong and exacerbate the general economic downturn. While the potential impact and duration of the COVID-19 pandemic on the global economy and our business in particular may be difficult to assess or predict, the pandemic has resulted in, and may continue to result in, significant disruption of global financial markets, which may reduce our ability to access capital or our customers' ability to pay us, which could negatively affect our liquidity. Our business operations could be disrupted if any of our employees is suspected of having these or any other epidemic disease, since it could require our employees to be quarantined and/or our offices to be closed for disinfection or other remedial measures. There remains substantial uncertainties about the dynamic of the COVID-19 pandemic, which may have potential continuing impacts on subsequent periods if the pandemic and the resulting disruption were to extend over a prolonged period. To the extent the global spread of COVID-19 and deterioration cannot be contained, the risks and uncertainties set forth in this document may be exacerbated or accelerated at a heightened level. For the more detailed discussion of the impact of COVID-19 on our business operations, see the section headed "Financial Information — Impact of COVID-19" of this document.

If we cannot obtain sufficient capital on acceptable terms, or at all, to fund our operations and respond to business opportunities, our business, financial condition and results of operations may be materially and adversely affected.

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs in the near term. We may require additional cash resources due to changed business conditions or other future developments, including any major research and development initiatives or investments we may decide to pursue. Our ability to obtain additional financing in the future is subject to a number of uncertainties, including those relating to our future business development, financial condition and results of operations; general market conditions for financing activities, and macroeconomic and other conditions in China and elsewhere, among other things. We cannot assure you that we will be successful in our efforts to diversify our sources of capital. It is also uncertain whether financing will be available in amounts or on terms acceptable to us, if at all. If we cannot obtain sufficient capital, we may not be able to implement our growth strategies, and our business, financial condition and results of operations may be materially and adversely

affected. In addition, to the extent we obtain financing by issuing additional equity or debt securities or entering into a credit facility, the sale of additional equity securities could result in dilution of our existing shareholders and incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations.

We may not be able to effectively detect, identify and mitigate our exposure to operational risks, including those due to fraud and errors and defects in data and technologies, which may materially and adversely affect our business and results of operations.

Our risk management systems may not be effective in mitigating our exposure to the operational risks due to a variety of reasons, such as fraudulent activities and undetected errors in the technologies or data. Our risk management systems depend on evaluation of information and data regarding parties along the supply chain and the underlying supply chain assets and transactions submitted by our customers and partners or gathered from public domains or other third-party sources. The data we receive may be inaccurate, outdated, incomplete or improperly evaluated due to inadvertent error or fraud. For instance, our Cross-border Cloud helps financial institutions verify the authentication of the international trades by analyzing supply chain data sourced from international B2B platforms and other reliable third-party sources, and if there is a problem with the integrity of such data, the effectiveness of our Cross-border Cloud may be compromised.

We are also exposed to operational risks arising from errors in our technologies, which could result in customer dissatisfaction, damage to our reputation and loss of customers and partners. We aim to make our operations and our solutions more streamlined, automated and cost-effective by using advanced technologies including AI, blockchain, big data and cloud. However, material performance problems, defects or errors in our existing or new technologies, applications and solutions may arise and may result from the interface between our solutions and systems and those developed or maintained by third parties, the function of which is beyond our control, or defects and errors that were undetected. In addition, as some of the technologies used in our solutions are sourced from third-party technology providers, we are subject to the risks if there are undetected errors, technological weakness or deficiencies within these third-party technologies. These types of defects and errors, and any failure by us to identify and address them, could result in a loss of revenue or market share, diversion of development resources, harm to our reputation and increased service and maintenance costs. We may encounter technical obstacles, and we may discover problems that prevent our technologies from operating properly, which could adversely affect our information infrastructure and other aspects of our business where our technologies are applied. If our solutions do not function reliably or fail to achieve our customers' or their end-customers' expectations in terms of performance, we may lose existing customers or fail to attract new ones, which may damage our reputation and adversely affect our business. We may also be subject to operational risks arising from the misconduct and fraudulent activities committed by our employees and our customers or partners. See the section headed "Risk Factors — We may not be able to detect or prevent fraud or other misconduct committed by our employees or third parties, which may have a negative impact on our reputation and business" of this document.

Although we have not experienced any material business or reputational harm as a result of fraudulent activities or inaccurate data in the past, we cannot rule out the possibility that our risk management procedures fail to detect, identify and address these operational risks due to inaccurate information, system errors or fraudulent activities in the future, which may materially and adversely affect our financial condition, results of operations and growth prospects.

Our business processes a large amount of supply chain data, and the improper collection, hosting, use or disclosure of such data could harm our reputation and have a material adverse effect on our business and prospects.

Our business processes massive volumes of supply chain data, such as data relating to the underlying supply chain transactions and assets. In limited circumstances, our business also involves the collection, retention, transmission, and processing of personal information, such as the identification information and phone numbers of owners and authorized personnel of suppliers that they submit to AMS Cloud. This makes us an attractive target of, and potentially vulnerable to, cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions.

We face certain challenges and risks inherent to handling and protecting a large volume of data, including confidential, sensitive data and information, including but not limited to:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties, data leakage or fraudulent behavior or improper use by our employees or our customers and partners;

- addressing concerns, challenges, negative publicity and litigations related to data security and privacy, collection, use and actual or perceived sharing (including sharing among our own businesses, with our customers and partners or competent regulatory authorities), safety, security and other factors that may arise from our existing businesses or new businesses and technology, such as new forms of data; and

- complying with applicable laws and regulations relating to the collection, use, storage, transfer, disclosure and security of data, including requests from data subjects and compliance requirements in accordance with applicable laws and regulations.

These challenges are heightened as we expand our business into jurisdictions with different legal and regulatory regimes. The improper collection, use or disclosure of supply chain data could result in a loss of customers and partners, loss of confidence or trust in our technology solutions, litigations, regulatory investigations, penalties or actions against us, significant damage to our reputation, any of which could in turn have a material adverse impact on our business, financial condition, results of operations and prospects. Although we have developed back-up systems and disaster recovery centers and deployed various technology measures to safeguard our data security, these measures may not function as we expect or could be breached. Because the technologies and mechanisms used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognizable until they are launched against a target, we may be unable to anticipate for, or to implement adequate preventative measures against, such technologies and mechanisms. Any accidental or willful security breaches or other unauthorized access could cause confidential information to be stolen and used for improper or criminal purposes. Moreover, if we fail to implement adequate encryption of data transmitted through the networks of the telecommunications and Internet operators we rely upon, there is a risk that telecommunications and Internet operators or their business partners may misappropriate the data. Security breaches or unauthorized access to confidential information could also expose us to liabilities related to the loss of the information, time-consuming and expensive litigations and other regulatory and legal proceedings, as well as negative publicity. If security measures are breached because of third party action, employee error, malfeasance or other similar factors, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with our customers and partners could be severely damaged and we could incur significant liabilities or subject to legal or regulatory actions that may materially and adversely affect our business, financial condition, results of operations and prospects. In addition, concerns about our practices with regard to security of confidential information or other privacy-related matters, such as cybersecurity breaches, misuse of personal data and data sharing without necessary safeguards, even if unfounded, could damage our reputation and operating results.

The successful operation of our business depends upon the performance, reliability and security of the Internet infrastructure in China and other countries and regions in which we operate.

Our business depends on the performance, reliability and security of the telecommunications and Internet infrastructure in China and other countries and regions in which we operate. Substantially all of our computer hardware and a majority of our online services are currently located in China. Almost all access to the Internet in China is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the MIIT. In addition, the national networks in China are connected to the Internet through state-owned international gateways, which are the only channels through which a domestic user can connect to the Internet outside of China. We may face similar or other limitations in other countries and regions in which we operate. We may not have access to alternative networks in the event of disruptions, failures or other problems with the Internet infrastructure in China or elsewhere. In addition, the Internet infrastructure in the countries and regions in which we operate may not support the demands associated with continued growth in Internet usage.

The failure of telecommunications network operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our websites and mobile applications. We have no control over the costs of the services provided by the telecommunications operators. If the prices that we pay for telecommunications and Internet services rise significantly, our margins could be adversely affected. In addition, if Internet access fees or other charges to Internet users increase, our user base may decrease, which in turn may significantly decrease our revenues.

We cooperate with a wide range of third parties to provide our technology solution offerings. Our business, results of operation, financial condition and reputation may be materially and adversely affected if these third parties do not continue to maintain or expand their relationship with us, or if they suffer from negative publicity or fail to perform in accordance with the terms of our contracts.

We cooperate with a range of third parties to provide our technology solution offerings. For example, we rely on suppliers to provide hardware, software, cloud services, Internet and telecommunications services, and third-party-supplied data. We expect to continue to rely on these third parties to supplement our capabilities for a significant period of time if not indefinitely. Therefore, in order to conduct our business, we need all of these parties to function in a flawless and timely manner. However, we cannot assure you that these third parties will provide their support properly or in a cost-effective manner or the third party-supplied data we rely on will be complete, accurate or reliable. In the event of problems with any of these third party providers, transitioning to a new provider may disrupt our business and increase our cost. In addition, we cannot assure you that we would be able to find suitable replacement suppliers on commercially reasonable terms or timely basis.

If any of our third party service providers fails to perform properly, we cannot assure you that we will be able to find a suitable alternative in a timely and cost-effective manner or at all. Our third party service providers may carry out their business in an inappropriate manner or in violation of regulations or laws. Any of such occurrences could diminish our ability to operate or damage our business reputation, or cause us regulatory or financial harm, any of which could negatively affect our business, financial condition and results of operations.

We may not be able to detect or prevent fraud or other misconduct committed by our employees or third parties, which may have a negative impact on our reputation and business.

Employee misconduct may include inappropriate activities beyond authorization, hiding key information in the due diligence process, engaging in fraudulent or other improper activities, or otherwise not complying with laws or our risk management procedures. It is not always possible to deter or prevent employee misconduct, and the precautions we take to prevent and to detect such activities may not be effective in all cases. We cannot assure you that future incidents of employee misconduct will not subject us to serious penalties or cause limitations on our business activities. We could also suffer from negative publicity, reputational damage, monetary losses or litigation losses as a result of the misconduct of our employees, which may materially and adversely affect our business, financial condition, results of operations and prospects.

Failure to maintain our reputation and brand name may materially and adversely affect our business, financial condition, results of operations and prospects.

We believe that the reputation and brand name that we have built up over the years played a significant role in enabling us to obtain business from referrals and to attract new customers and partners during the Track Record Period and up to the Latest Practicable Date. We believe the building up and enhancement of our reputation and brand name depend largely on, among others, our credibility among anchor enterprises, financial institutions and other players in the supply chain finance industry. If we fail to maintain our reputation, or our partners no longer perceive our services to be of high quality, or if they no longer perceive us as a supply chain finance technology solutions provider with high credibility for any reason, our reputation and brand name could be adversely affected, which, in turn, could affect our ability to maintain existing business relationships or to capture future business opportunities. There is also no assurance that the stakeholders of our supply chain finance ecosystem will continue to work with us or will refer new or potential customers to us. In the event that the stakeholders of our supply chain finance ecosystem cease to work with us, stop referring new customers to us or substantially reduce their referrals to us, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to prevent others from the unauthorized use of our intellectual property, which could harm our business, brand, reputation and competitive position.

We regard our trademarks, domain names and copyrights and similar intellectual properties as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment and non-compete agreements with our employees and others, to protect our proprietary rights. As of the Latest Practicable Date, we had completed the registration for, among others, 141 trademarks, 114 copyrights, 3 patents and 52 domain names in the PRC and other jurisdictions. In addition, we are still in the process of applying for more than 60 trademarks. Thus, we cannot assure you that any of our intellectual property rights would not be challenged, invalidated, circumvented or misappropriated, or such intellectual property will be sufficient to provide us with competitive advantages.

It is often difficult to register, maintain and enforce intellectual property rights in the PRC. Laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may

not be able to effectively protect our intellectual property rights or to enforce our contractual rights in the PRC. Preventing any unauthorized use of our intellectual properties is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual properties. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights may have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to intellectual property infringement claims, which may be expensive and time-consuming to defend and may disrupt our business and operation by diverting our financial and management resources.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-hows or other intellectual property rights held by third parties. We may, from time to time in the future, be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed upon by our solutions, services or other aspects of our business without our awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in the PRC or other jurisdictions. If any third party infringement claims are brought against us, we may be forced to divert our management's time and other resources from our business and operations to defend these claims, regardless of their merits.

Additionally, the application and interpretation of the PRC intellectual property right laws, the procedures and the standards for granting trademarks, patents, copyrights, know-hows or other intellectual property rights in the PRC are still evolving and are uncertain, and we cannot assure you that the PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual properties, and we may incur licensing fees or be forced to develop alternatives on our own. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

The unavailability of any preferential tax treatment and government subsidies, as well as unfavorable changes in application tax policy, could adversely affect our business, financial condition and results of operations.

We enjoy certain preferential tax treatment and government subsidies which are offered by relevant governmental authorities in the PRC. For example, according to the Circular of State Administration of Taxation on Issues Concerning Implementation of Preferential Income Tax Treatment for High-Tech Enterprises (國家税務總局關於實施高新技術企業所得税優惠有關問題的通知) (Guo Shui Han [2009] No. 203) and the Announcement of the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Tax Policies for High-Tech Enterprises (國家税務總局關於實施高新技術企業所得税優惠政策有關問題的公告) (Announcement of the State Administration of Taxation [2017] No.24), Qianhai Huanrong Information Technology Co., Ltd, one of our subsidiaries, is entitled to a three-year preferential tax treatment for High-Tech enterprises at the reduced CIT rate of 15% upon obtaining its High-Tech enterprise qualification since 2019. For details on these government subsidies, see the section headed "Financial Information — Taxation — PRC" of this document.

It is in the sole discretion of the government, subject to applicable PRC laws and regulations, to decide whether and when to provide government subsidies or preferential tax treatment to us. There can be no assurance that we will be able to obtain similar government subsidies or preferential tax treatment on a recurring basis, or at all, in the future. Furthermore, we face uncertainty relating to the availability of government subsidies or preferential tax treatment due to potential unexpected changes in the PRC laws and regulations. If we are unable to obtain or maintain government subsidies or grants or any favorable tax treatment in the future, our business, financial condition and results of operations could be adversely affected.

Our inability to attract, retain and motivate qualified personnel may materially and adversely affect our growth and prospects.

Our continued ability to effectively operate, manage and expand our business depends on our ability to retain and motivate our existing employees and attract new talented employees. The loss of services of any employee holding an important position or possessing industry expertise or experience, including those relating to matters such as technology development, may have a material and adverse effect on our business, financial condition, results of operations and prospects. In addition, we cannot assure you that any of our key management personnel will not leave his or her position due to reasons beyond our control. The loss of service of any of our key management could impair our ability to operate and make it difficult to implement our business and growth strategies. We may not be able to replace such persons within a reasonable period of time or with another person of equivalent expertise and experience, which may severely disrupt our business operations. Competition in the supply chain finance technology solution industry in China for qualified and experienced employees has intensified, and we may need to offer higher remuneration packages and other benefits to attract qualified employees. Failure to motivate, attract and retain qualified employees and any significant increase in labor costs may materially and adversely affect our ability to maintain our competitive position, growth and prospects.

We have limited insurance to cover potential losses and claims arising from certain events.

We maintain standard insurance for our employees, including life and medical insurance. Our insurance coverage is provided by reputable companies in accordance with commercially reasonable standards. Consistent with the industry practice in the PRC, we have limited business interruption insurance, key-person insurance or insurance covering potential liabilities. There is no assurance that the insurance policies we maintain are sufficient to prevent us from incurring any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies or the compensated amount is significantly less than our actual loss, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Negative publicity and allegations involving us, our shareholders, directors, officers, employees, associates and business partners may affect our reputation and, as a result, our business, financial condition, and results of operations may be negatively affected.

Negative publicity about us and our business, shareholders, affiliates, directors, officers, associates and employees, as well as the industry in which we operate, can harm our operations. Such negative coverage in the media and publicity could change market perception that we are a trustworthy supply chain finance technology solution provider. We may be required to spend significant time and incur substantial costs to respond to these allegations and negative publicity, which could divert our management attention and resources and in turn negatively affect our business, financial condition and prospects.

Negative publicity concerning these parties could be related to a wide variety of matters, including, but are not limited to:

- alleged misconduct or other improper activities committed by our directors, officers, and our employees, including misrepresentation made by our employees to potential customers and partners during sales and marketing activities;

- false or malicious allegations or rumors about us or our directors, shareholders, affiliates, officers, and employees;

- security breaches of confidential customer data and information;

- concerns about our practices with regard to data security and privacy, such as cybersecurity breaches, misuse of data and data sharing without necessary safeguards, even if unfounded;

- governmental and regulatory investigations or penalties resulting from our failure to comply with applicable laws and regulations.

In addition to traditional media, there has been an increasing use of social media platforms and similar devices in China, including instant messaging applications social media websites and other forms of Internet-based communications that provide individuals with access to a broad audience of customers and other interested persons. The availability of information on instant messaging applications and social media platforms is virtually immediate, which deprives us of the opportunity for redress or correction. Information concerning our Company, shareholders, directors, officers and employees may be posted on such platforms at any time. The risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm our reputation, business, financial condition and results of operations.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

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

Our business operations could be disrupted if any of our employees is suspected of contracting Ebola virus disease, Severe Acute Respiratory Syndrome ("**SARS**"), H5N1 avian flu, the human swine flu, also known as Influenza A ("**H1N1**"), COVID-19 pandemics or other epidemic, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations could be materially and adversely affected to the extent that any of these epidemics harms the PRC economy in general.

We may not be able to identify or pursue suitable strategic investments or expansion opportunities or achieve optimal results in future investments or expansions, and we may encounter difficulties in successfully integrating and operating acquired assets or businesses.

To further grow our businesses and increase our competitiveness and profitability, we intend to continue expanding our supply chain finance technology solutions in new verticals and use cases both inside and outside of China. We may pursue strategic investments or expansion opportunities that may be beneficial to us. Such investments or expansions may not be successfully completed and we may not be able to find or consummate suitable investment or expansion alternatives. If we successfully complete any investment or expansion, we may raise financing, either in the capital markets or in the form of bank financing, to cover all or part of the purchase price, which will lead to changes to our capital structure and may restrict us in other ways. In addition, to the extent we fund these business initiatives through the issuance of equity or convertible debt securities, the ownership interest of our shareholders could be diluted.

We may in the future invest in other businesses or companies with advanced supply chain finance technologies, products or solutions, valuable intellectual properties or other businesses or assets with capabilities and strategies that we believe are complementary to and are likely to enhance our businesses. However, there can be no assurance that we will be able to identify attractive investment targets, negotiate favorable terms, obtain necessary government approvals or permits, complete necessary registrations or filings, or obtain necessary funding to complete these investments on commercially acceptable terms or at all.

Investments and expansions involve numerous risks, including potential difficulties in retaining and assimilating personnel, risks and difficulties associated with integrating the operations and culture of acquired businesses, diversions of management attention and other resources, lack of experience and industry and market knowledge of the new businesses, risks and difficulties associated with complying with laws and regulations related to the investments and acquired businesses, and failure to properly identify problems with investment targets through the due diligence process. In addition, investments and expansions may significantly stretch our capital, personnel and management resources and, as a result, we may fail to manage our growth effectively. Any new investment or expansion plan may also result in our inheritance of debts and other liabilities, assumption of potential legal liabilities in respect of the new businesses, and incurrence of impairment charges related to goodwill and other intangible assets, any of which could harm our businesses, financial condition and results of operations. In particular, if any new businesses we acquire fail to perform as we expected, we may be required to recognize a significant impairment charge, which could materially and adversely affect our business, financial condition and results of operations. There may also be established players in these sectors and markets that enjoy significant market share, and it may be difficult for us to win market share from them. Furthermore, some of the overseas markets that we target may have high barriers of entry for foreign players. There can be no assurance that our investment or expansion plans will be successful.

As a result, there can be no assurance that we will be able to realize the strategy behind an investment or expansion plan, reach the desired level of operational integration or achieve our investment return targets.

We may be involved in disputes arising from our operations, and the resulting customer complaints, regulatory actions and legal proceedings against us may harm our reputation and have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may be involved in legal and other disputes with anchor enterprises, financial institutions, SMEs or other parties. These disputes may lead to complaints from our business partners, regulatory actions and legal proceedings, and may cause us to incur additional costs and interrupt our operations; and they may also adversely affect our reputation and brand name, which, in turn, could harm our existing relationship with the stakeholders of our supply chain finance ecosystem and reduce new business opportunities. We cannot assure you that we will not be a party to any regulatory action, litigation, arbitration or other disputes in the future. If such proceedings are commenced by or against us, our reputation, business, financial condition, results of operations and prospects may be materially and adversely affected, and our resources and management's attention may be diverted from our core business operations.

In addition, where we assess and discover a risk of potential loss relating to such legal or other disputes, we will make provisions for the loss in accordance with our internal provision policies. Our view on provisions may also change according to our risk assessment. We cannot guarantee that the outcome in any of the litigation in which we are involved would be favorable to us, or that our litigation provisions are adequate to cover our losses arising from legal proceedings or other disputes.

During the Track Record Period and up to the Latest Practicable Date, we had not been a party to any material legal, arbitral or administrative proceedings and we were not aware of any material pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors that may have a material and adverse effect on our business, financial condition, results of operations and prospects as a whole. Along with the growth of our business, however, we may become involved in litigations, regulatory proceedings and other disputes arising from our business operation. Such litigations and disputes may result in claims for actual damages, freezing of our assets and diversion of our management's attention, as well as legal proceedings against our Directors, officers or employees. Given the uncertainty, complexity and scope of many of these litigation matters, their outcome generally cannot be predicted with a reasonable degree of certainty. Therefore, our provision for such matters may be inadequate. As a result, any unfavorable final resolution of disputes, including substantial liabilities arising from lawsuit judgments, may have a material and adverse effect on our business, financial condition, results of operations and prospects. Moreover, even if we eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm, which could have a material and adverse effect on our prospects and future growth, including our ability to attract new business partners, retain current stakeholders of our supply chain finance ecosystem, expand our relationships with governmental regulators and industry groups and recruit and retain employees and agents.

Our provisions for impairment losses on receivables may not be adequate to cover future credit losses.

We make provisions for impairment losses on financial assets. In 2018 and 2019 and for the nine months ended September 30, 2020, we had impairment losses on financial assets of RMB3.5 million, RMB27.1 million and RMB33.3 million, respectively. As our impairment provision require significant judgment and estimation, our allowance for impairment provision may not be adequate to cover future potential credit losses in our business operations. If adverse changes occur to the PRC economy or if other events adversely affect our customers and partners, industries or markets, we may need to make additional impairment provision for our receivables, which could significantly reduce our profit and may have a material and adverse effect on our financial condition, results of operations and growth prospects.

The fair value measurements of certain financial assets and liabilities require the use of estimates that are based on unobservable inputs, which inherently involves a certain degree of uncertainty.

Some of our financial assets and liabilities are measured at fair value. For financial reporting purposes, fair value measurements of these financial assets and liabilities are categorized into level 1, 2 or 3, based on, among other things, the observability and significance of the inputs used in the valuation technique. The fair value of financial assets and liabilities classified in levels 1 and 2 is determined based on observable inputs, while the determination of the fair value of level 3 financial assets and liabilities is based on valuation techniques and various assumptions of inputs that are unobservable which inherently involve a certain degree of uncertainty. See "Significant accounting policies" in Note 2 to the Accountants' Report as included in Appendix I to this document for more information. A range of factors, many of which are beyond our control, may influence and cause adverse changes to the estimates we use and thereby affect the fair value of these assets and liabilities. These factors include, but are not limited to, general economic conditions, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results and cause the fair value of our financial assets and liabilities to fluctuate substantially, which may in turn have a material adverse effect on our financial position and results of operations.

Fair value changes in our financial instruments issued to* [REDACTED] *investors and related valuation uncertainty may materially affect our financial condition and results of operations.

We have historically issued several series of redeemable convertible preferred shares, consisting of Series A, Series A+, Series B, Series C and Series C1 Preferred Shares, to [**REDACTED**]. Upon the completion of this [**REDACTED**], all of such preferred shares will be automatically converted into ordinary shares. Additionally, the foregoing [**REDACTED**] have the right to require us to redeem such preferred shares if this [**REDACTED**] is not consummated on or prior to certain date or upon the occurrence of some specified events. For the identity and background of the foregoing [**REDACTED**], see the section headed "History, Reorganization and Corporate Structure – Reorganization of the Group" of this document.

The redeemable convertible preferred shares were recorded on a fair value basis. The discounted cash flow method was used to determine the total equity value of the Company while the binomial option-pricing model was adopted to determine the fair value of the redeemable convertible preferred shares, and the key valuation assumptions used discount rate, risk-free interest rate and volatility. Any change in the assumptions may lead to different valuation results and, in turn, changes in the fair value of these financial instruments issued to investors. To the extent we need to revalue the convertible preferred shares prior to the closing of the [**REDACTED**], any change in fair value of redeemable convertible preferred shares and related valuation uncertainty could materially affect our financial position and performance. After the automatic conversion of the redeemable convertible preferred shares into Shares upon the closing of the [**REDACTED**], we do not expect to recognize any further gains or losses on fair value changes from these convertible preferred shares in the future.

If the Company were to be required to redeem all such preferred shares, the aggregate redemption price shall be the sum of the aggregate consideration for the issuance of such preferred shares, plus applicable interest accrued thereon and, in the case of Series C and C1 preferred shares, declared and unpaid dividends payable. For more information about the terms of such preferred shares, including their conversion and redemption features, see Note 25 to the Accountants' Report set out in Appendix I to this document. The aggregate consideration at

which our Series A, A+, B, C and C1 Preferred Shares issued equal to RMB2,017 million. As of the Latest Practicable Date, we had a total 99,223,866 of outstanding Series A Preferred Shares, Series A+ Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series C1 Preferred Shares. As of November 30, 2020, our cash and cash equivalents was RMB1,092 million. The redemption of the preferred shares, if triggered, could have a negative impact on our cash and liquidity position and financial condition.

We require various approvals, licenses, permits and certifications to operate our business, any failure to obtain or renew any of these approvals, licenses, permits or certifications could materially and adversely affect our business and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. Complying with such laws and regulations may require substantial expense, and any non-compliance may expose us to liability. We have designed and adopted strict internal procedures to ensure compliance of our business operations with all relevant laws and regulations, and to ensure that we obtain necessary approvals, licenses, permits and certifications for our business operations. However, we cannot guarantee that we will be able to obtain all requisite approvals, licenses, permits and certifications. Regulatory authorities who have extensive authority to supervise and regulate the industry we operate in may not interpret relevant laws and regulations the way we do. In addition, as the regulatory regime for the supply chain finance technology solution industry in China continues to evolve, new laws, regulations and regulatory requirements are promulgated and implemented from time to time, and the interpretation and application of existing laws, regulations and regulatory requirements are subject to changes. We may be required to obtain approvals, licenses, permits and certifications that we do not currently have for our existing business or new scope of business that we may expand into in the future. In the event of non-compliance, we may have to incur significant expenses and divert substantial management time to rectify the incidents. In the future, If we fail to obtain all the necessary approvals, licenses, permits and certifications required by relevant laws and regulations or if we are deemed to have conducted business operations requesting certain approvals, licenses, permits and certifications without having one, we may be subject to fines or the suspension of operations of the relevant business segments or facilities that do not have all the requisite approvals, licenses, permits and certifications, which could materially and adversely affect our business and results of operations. See the section headed "Regulatory Overview" of this document for further details on the requisite approvals, licenses, permits and certifications for business operations. We may also experience adverse publicity arising from non-compliance with government regulations, which would negatively impact our reputation.

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

The development of blockchain technology is in its early stage. Adverse development in blockchain technology or new regulations or policies governing blockchain technology could adversely affect our business and results of operations.

Blockchain technology is widely deployed in a number of our solutions, such as our Multi-tier AR Transfer Cloud, eChain Cloud, ABS Cloud and Cross-border Cloud. For instance, we utilize blockchain infrastructure to build Multi-tier AR Transfer Cloud that creates immutable and traceable digital representation of suppliers' accounts receivable due from anchor enterprises that suppliers can use for payment and financing purposes. For a detailed discussion of our application of blockchain technology, see the section headed "Business — Our Technology — Proprietary Technology Stacks — Blockchain" of this document.

As part of our growth strategy, we intend to continue to invest in our development and application of blockchain technology. However, since our development of blockchain technology is still in an early stage like the blockchain technology itself, there are inherent risks that the software, network and related technologies could contain undiscovered technical flaws or weaknesses, or the cryptographic security measures that authenticate transactions and the distributed ledger could be compromised. In addition, new or changing laws and regulations or interpretations of existing laws and regulations may materially and adversely impact the development and application of blockchain technology. Furthermore, blockchain technology and the supply chain finance technology solutions the former enables may not gain mainstream acceptance and adoption or achieve the anticipated economic benefits. If any of the foregoing was to occur, we may need to slow down or cease the development of our blockchain technology and the operation of our blockchain-enabled solutions, which may have a material and adverse impact on our financial condition, results of operations and growth prospects.

RISKS RELATING TO CONDUCTING OPERATIONS IN THE PRC

Changes in the PRC economic, political and social conditions, as well as laws, regulations and policies, may have a material and adverse effect on our business, financial condition, results of operations and prospects.

A significant majority of our assets are located in the PRC, and substantially all of our income is derived from our operations in the PRC. Accordingly, our business, financial condition, results of operations and prospects are, to a significant degree, subject to the economic, political, social conditions, government policies and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many aspects, including but not limited to, the level of government involvement in the economy, the general level of economic development and growth rates, uncertainty in the implementation and enforcement of laws, content of and regulation over capital investment, government control of foreign exchange and allocation of resources.

In recent years, the PRC government has been reforming the PRC economic system and has also begun reforming the government structure. These reforms have resulted in significant economic growth and social progress. Although the PRC government still owns a significant portion of the productive assets in the PRC, economic reform policies since the late 1970s have emphasized autonomous enterprises and the utilization of market mechanisms, especially where these policies apply to businesses such as ours. Although we believe these reforms will have a positive effect on our overall and long-term development, we cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies may have any material and adverse effect on our future business, financial condition, results of operations and prospects.

Our ability to continue to expand our business is dependent on a number of factors, including general economic and capital market conditions, regulations and policies and credit availability from banks or other lenders. More friendly lending policies will enhance the ability of the SMEs currently in our ecosystem to obtain financing elsewhere, which may in turn adversely affect our growth and financial condition. We cannot give any assurances that opening measures to promote growth in lending will not be implemented in a manner that may adversely affect our growth and profitability over time. In addition, the global economic uncertainties and market volatility that persisted in the past years may continue and therefore we may not be able to sustain the growth rate we have historically achieved.

The PRC government's control over foreign currency conversion may limit our foreign exchange transactions, including dividend payment to holders of our Shares.

Currently, Renminbi cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to the PRC foreign exchange regulations. There is no assurance that, under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, the foreign exchange transactions we conduct under our current bank account, including the payment of dividends following the completion of the [**REDACTED**], do not require advance approval from SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC with the requisite licenses to carry out foreign exchange business. Foreign exchange transactions we conduct under our capital account, however, must be approved in advance by or registered with SAFE.

Under the existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from or registration with SAFE so long as we comply with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will not change in the future. In addition, any adverse change in foreign exchange rate may restrict our ability to obtain sufficient foreign exchange for dividend payments to our Shareholders or to satisfy any other foreign exchange requirements.

Adverse developments in the PRC's economy or an economic slowdown in the PRC may reduce the demand for our services, and may have a material adverse effect on our financial condition, results of operations and growth prospects.

We conduct substantially all of our business operations in the PRC. As a result, economic developments in the PRC have a significant effect on our financial condition, results of operations and growth prospects. In recent years, the PRC has been one of the world's fastest growing economies in terms of GDP growth. However, the global financial crisis that unfolded in 2008 and continued in the past few years has led to a marked slowdown in the economic growth of the PRC. The global economy may continue to deteriorate in the future and continue to have an adverse impact on the Chinese economy. Any significant slowdown in the PRC economy could have a material adverse effect on our business and operations. In particular:

- economic slowdowns may have a negative impact on the businesses of our customers and partners, including anchor enterprises and financial institutions as well as the businesses of the SMEs as borrowers in our SME Credit Tech Solutions, which, in turn, may adversely affect our business operations, financial condition and results of operation;

- we may not be able to raise additional funds on favorable terms, or at all; and

- trade and capital flows may further contract as a result of protectionist measures introduced in certain markets, which could cause a further slowdown in economies and materially and adversely affect our business and prospects.

In addition, factors such as corporate and government spending, business investment, volatility of the capital markets and inflation could affect the business and economic environment in the PRC, and ultimately, the profitability of our business. If the PRC's economy experiences significant adverse developments or a significant downturn, we could experience reduced level of liquidity and increased credit spreads, and our financial condition, results of operations and growth prospects would be materially and adversely affected.

Our Hong Kong subsidiary is subject to PRC withholding tax under the New Enterprise Income Tax Law and we may not be able to enjoy the preferential tax rate of 5%.

Under the Enterprise Income Tax Law of China (中華人民共和國企業所得税法) and the Regulation on the Implementation of the Enterprise Income Tax Law of China (中華人民共和國企業所得税法實施條例) (collectively the "**EIT Law**"), China-sourced income of foreign enterprises that are "non-PRC resident enterprises" that do not have an establishment or place of business in China or, despite the existence of such establishment or place in China, the relevant income is not actually connected with such establishment or place in China, such as dividends paid by a PRC subsidiary to its overseas parent, is generally subject to a 10% withholding tax unless the jurisdiction of such foreign enterprises has a tax treaty or arrangement with China that provides a different withholding arrangement.

However, pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排), or the Arrangement, withholding tax at a reduced rate of 5% may be applicable to dividends payable by PRC resident enterprises to beneficial owners of the dividends that are Hong Kong tax residents which hold at least 25% equity shares of the PRC resident enterprises if certain requirements are met. Based on the Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties (國家税務總局關於税收協定中"受益所有人"有關問題的公告), which was issued on February 3, 2018 and took into effective on April 1, 2018, to determine the "beneficial owner" status of a resident of the treaty counterparty who needs to enjoy the tax treaty benefits, a comprehensive analysis shall be carried out in accordance with the factors set out in such announcement, taking into account actual conditions of the specific case. There is uncertainty regarding whether the PRC tax authorities will consider us to be eligible to the reduced tax rate. If the Arrangement is deemed not to apply to dividends payable by our PRC subsidiaries to their respective Hong Kong immediate holding companies that are ultimately owned by us, the withholding tax rate applicable to us will be the statutory rate of 10% instead of 5% which may potentially impact our business, financial condition, results of operations and growth prospects.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the* [REDACTED] *of the* [REDACTED] *to make loans or additional capital contributions to our PRC subsidiaries.

Any funds we transfer to or finance our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries should be registered and filed with relevant government authorities in China. In addition, any foreign

loan procured by our PRC subsidiaries is required to be registered with the SAFE or its local branches, and our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount as filed with relevant government authorities. Or, as an alternative, only procure loans subject to calculation approach and limitation as provided in the Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing. Meanwhile, any medium or long term loan procured by our PRC subsidiaries provided by us should also be filed with the NDRC and registered with the SAFE or its local branches. We may not obtain these government approvals or complete such registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to receive such approvals or complete such registration, our ability to use the [**REDACTED**] of the [**REDACTED**] and to capitalize our PRC operations may be negatively affected, which could adversely affect our PRC subsidiaries' liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE issued the Circular on Performing the Administration Approach regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) ("**SAFE Circular 19**"), which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. SAFE Circular 19 allows all foreign-invested enterprises established in the PRC to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use Renminbi converted from foreign currency-denominated capital for equity investments However, Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope and providing entrusted loans or repaying loans between non-financial enterprises. SAFE promulgated the Notice of the SAFE on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (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) ("**SAFE Circular 16**"), effective on 9 June, 2016, which reiterates some of the rules set forth in SAFE Circular 19. SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there are substantial uncertainties with respect to SAFE Circular 16's interpretation and implementation in practice. SAFE Circular 19 or SAFE Circular 16 or any other applicable regulations may delay or limit us from using the [**REDACTED**] of offshore offerings to make additional capital contributions to our PRC subsidiaries and any violations of these circulars could result in severe monetary or other penalties.

In light of the various requirements imposed by PRC regulations on foreign loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future foreign loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the [**REDACTED**] from this [**REDACTED**] and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

The future development and implementation of anti-money laundering laws in the PRC may increase our obligation to supervise and report transactions with anchor enterprises, financial institutions and SMEs, thereby increasing our compliance efforts and costs and exposing us to criminal or administrative sanctions for non-compliance.

The PRC laws and regulations relating to anti-money laundering have evolved significantly in recent years and may continue to develop in the future. We may be required to supervise and report transactions with our customers for anti-money laundering or other purposes, which may significantly increase our compliance efforts and costs. Non-compliance with anti-money laundering could subject us to investigations, severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, financial condition, results of operations and reputation.

The PRC Labor Contract Law, any labor shortages, increased labor costs or other factors affecting our labor force in the PRC may materially and adversely affect our business, financial condition, results of operations and prospects.

The PRC economy has experienced increases in inflation and labor costs in recent years. As a result, average wages in the PRC are expected to continue to increase. In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pension, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing provident fund to designated government agencies. The relevant government agencies may examine whether an employer has made adequate payments as statutory employee benefits, and those employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. We expect that our labor costs, including wages and employee benefits, will continue to increase. If we are not able to effectively tackle the challenges posed by the increasing labor costs, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Potential defects related to certain of our leased properties may adversely affect our ability to use these properties.

In our ordinary course of business, we may be involved in disputes or claims in relation to the titles of the properties that we occupy. For instance, if any of our leases are terminated or voided as a result of challenges from third parties or the government or if the lease is otherwise not renewed by our landlords upon expiration, we would need to seek alternative premises and incur relocation costs. Any relocation could disrupt our operations and result in significant relocation expenses, which could materially and adversely affect our business, financial condition, results of operations and prospects. Additionally, pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we had not obtained any lease registration for 7 properties we leased in China, primarily due to the difficulty of procuring our lessors' cooperation to register such leases. We may be subject to fines ranging from RMB1,000 to RMB10,000 for each of such non-registered leases should we fail to register the lease agreements upon request by the relevant authorities. Furthermore, there can be no assurance that the PRC government will not amend or revise existing property laws, rules or regulations to require additional approvals, incenses or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use.

The legal system of the PRC is not fully developed, and inherent uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to our business and our shareholders.

The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. Our PRC subsidiaries are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new, and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform, and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative authorities and court have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Moreover, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China, could materially and adversely affect our business and impede our ability to continue our operations, and may further affect the legal remedies and protections available to [**REDACTED**], which may, in turn, adversely affect the value of your [**REDACTED**].

PRC laws and regulations concerning the supply chain finance industry and supply chain finance technology solution industry are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations, and to avoid conducting any non-compliant activities under the applicable laws and regulations, the PRC government authorities may promulgate new laws and regulations regulating the supply chain finance industry and supply chain finance technology solution industry in the future. We cannot assure you that our practice would not be deemed to violate any new PRC laws or regulations relating to supply chain finance industry and supply chain finance technology solution industry. Moreover, developments in these industries may lead to changes in PRC laws, regulations and policies, or in the interpretation and application of existing laws, regulations and policies that may limit or restrict our service offerings, which could materially and adversely affect our business and operations.

Geopolitical tensions have led to a worsening relationship between China and the United States and this adverse trend may continue to deteriorate, which could negatively affect our business and results of operations.

In recent years, there has been deterioration in the relationship between China and the United States which has resulted in intense potential conflicts between the two countries in trade, technology, finance and other areas, and this has led to greater uncertainties in the geopolitical situations in other parts of the world affecting China and Chinese companies. For example, export controls, economic and trade sanctions have been threatened and/or imposed by the U.S. government on a number of Chinese technology companies. The United States has also

threatened to impose further export controls, sanctions, trade embargoes, and other heightened regulatory requirements on China and Chinese companies for alleged activities both inside and outside of China. These have raised concerns that there may be increasing regulatory challenges or enhanced restrictions against China and other Chinese technology companies, in a wide range of areas such as data security and privacy, emerging technologies, and applications that could be deployed for surveillance or military purposes, import/export of technology or other business activities.

In addition, if we and other stakeholders of our ecosystem or other parties that have collaborative relationships with us or our affiliates were to become targeted under sanctions or export control restrictions, this may result in significant interruption in our business, regulatory investigations and reputational harm to us. Particularly, any Chinese companies or individuals targeted under U.S. economic sanctions may lose access to the U.S. markets and the U.S. financial system, including the ability to use U.S. dollars to conduct transactions, settle payments or to maintain correspondent accounts with U.S. financial institutions, U.S. entities and individuals may not be permitted to do business with sanctioned companies and persons, and international banks and other companies may as a matter of law and/or policy decide not to engage in transactions with such company or person. Separately, media reports on alleged violations of applicable export controls, economic and trade sanctions, or data security and privacy laws, or on uses of the technologies, systems or innovations that we develop for purposes which could be perceived as inappropriate or controversial, by us, anchor enterprises, financial institutions SMEs or other uses of our solutions, even on matters not involving us, could nevertheless damage our reputation and lead to regulatory investigations, fines and penalties against us. Such fines and penalties may be significant, and if we were publicly named or investigated by any regulator on the basis of suspected or alleged violations of export control or economic and trade sanctions or data security and privacy laws and rules, even in situations where the potential amount or fine involved may be relatively small, our business could be severely interrupted and our reputation could be significantly harmed.

Furthermore, trade tension between the United States and China could place pressure on the economic growth in China as well as the rest of the world. The U.S. government has recently advocated for and taken steps toward restricting trade in certain goods, particularly from China. While the two nations have reached a phase one trade agreement in January 2020, the progress of future trade talks between China and the United States are subject to uncertainties, and there can be no assurance as to whether the United States will maintain or reduce tariffs, or impose additional tariffs on Chinese products in the near future. Trade tension between China and the United States may intensify and the United States may adopt even more drastic measures in the future. China has retaliated and may further retaliate in response to new trade policies, treaties and tariffs implemented by the United States. Any further escalation in trade or other tensions between the United States and China or news and rumors of any escalation, could introduce uncertainties to China's economy and the global economy, which in turn could affect our business operations, financial condition and results of operations.

We may be deemed to be a Chinese tax resident under the Enterprise Income Tax Law in which case our global income may be subject to Chinese enterprise income tax under the Enterprise Income Tax Law, dividends paid on our ordinary shares may be subject to PRC withholding tax and gains from disposition of our shares may be subject to PRC tax.

We are a holding company incorporated under the laws of the Cayman Islands and indirectly hold interests in our PRC subsidiaries, and control Consolidated Affiliated Entities. Pursuant to the EIT Law, if an enterprise incorporated outside China has its "de facto management bodies" within China, such enterprise may generally be deemed a "Chinese Resident Enterprise" for tax purposes and be subject to an EIT rate of 25% on its global income. "De

facto Management Body" is defined as the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. On April 22, 2009 the STA issued the Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as PRC Tax Resident Enterprises on the basis of de facto management bodies (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知), or the SAT Circular 82, which was further amended on December 29, 2017. The SAT Circular 82 provides certain specific criteria for determining whether the "de fact management body" of a Chinese-controlled offshore incorporated enterprise is located inside China, stating that only a company meeting all the criteria would be deemed having its de facto management body within China. One of the criteria is that a company's major assets, accounting books and minutes and files of its board and shareholders' meetings are located or kept in the PRC. In addition, the SAT issued a bulletin on July 27, 2011, effective from September 1, 2011, providing further guidance on the implementation of the SAT Circular 82. This bulletin clarifies matters including residence status determination, post-determination administration and competent tax authorities. Although both the SAT Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises and there are currently no further detailed rules or precedents applicable to us governing the procedures and specific criteria for determining "de facto management body" for companies like ours, the determination criteria set forth in SAT Circular 82 and the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and how the administration measures should be implemented with respect to such enterprises, regardless of whether they are controlled by PRC enterprises or PRC individuals.

We believe none of our entities outside of China is a Chinese Resident Enterprise for tax purposes. However, as the tax residency status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "De Facto Management Body" as applicable to our offshore entities, we will continue to monitor our tax status.

According to the foregoing STA circulars, a Chinese-invested company registered abroad could be recognized as a Chinese resident enterprise by competent Chinese tax authorities. In this regard, there are uncertainties regarding whether a Chinese-invested company registered abroad would be treated as a Chinese resident enterprise before receiving a confirmation to that effect from the competent Chinese tax authorities, and there have been no official implementation rules regarding the determination of the "De facto Management Bodies" for foreign enterprises which are not controlled by Chinese enterprises, including us.

Therefore, it remains unclear how China's tax authorities will treat a case such as ours. We cannot assure you that we will not be considered a Chinese resident enterprise for Chinese EIT purposes and be subject to the uniform 25% EIT rate on our global income. Furthermore, if the PRC tax authorities determine that we are a Chinese Resident Enterprise for enterprise income tax purposes, dividends paid on our ordinary shares may be subject to PRC withholding tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders and gains realized on the sale or other disposition of our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders, if such dividends or gains are deemed to be from PRC sources. Any such PRC tax liability may be reduced under an applicable income tax treaty. However, it is unclear whether, if we are deemed a Chinese resident enterprise, our shareholders would be able to obtain the benefit of income tax treaties or agreements entered into between China and other countries or jurisdictions.

The M&A Rules and certain other PRC laws and regulations impose significant regulatory approval and review requirements, which could make it more difficult for us to pursue growth through acquisitions in China.

PRC laws and regulations, such as the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "**M&A Rules**") which came into effect on September 8, 2006 and was amended on June 22, 2009, Anti-Monopoly Law of the PRC and the Rules of MOFCOM on Implementation of the Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (商務部實施外國投資者併購境內企業安全審查制度的規定), promulgated by the MOFCOM in August 2011, or the MOFCOM Security Review Rules, which came into effect on September 1, 2011, and replaced the Interim Provisions of the MOFCOM on Matters Relating to the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by MOFCOM in March 2011, established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex, including requirements in some instances that MOFCOM be notified in advance of any change of control transaction in which a foreign investor takes control of a PRC domestic enterprise, or that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review.

The MOFCOM Security Review Rules are formulated to implement the Notice of the General Office of the State Council on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated on February 3, 2011, or Circular No. 6. According to these circulars and rules, a security review is required for mergers and acquisitions by foreign investors having "national defense and security" concerns, and for mergers and acquisitions by which foreign investors may acquire the "de facto control" of domestic enterprises that have "national security" concerns. In addition, when deciding whether a specific merger or acquisition of a domestic enterprise by foreign investors is subject to the security review, the MOFCOM will look into the substance and actual impact of the transaction. The MOFCOM Security Review Rules further prohibit foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions.

We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the relevant regulations to complete such transactions could be time consuming, and any required approval processes, including approval from MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Furthermore, in December 2020, the NDRC and the Ministry of Commerce promulgated the Measures for the Examination of the Security of Foreign Investment, which would come into effect on January 18, 2021. The Measures for the Examination of the Security of Foreign Investment define foreign investment as direct or indirect investment by foreign investors in the PRC, which include (i) investment on new onshore projects or establishment of wholly foreign owned onshore companies or joint ventures with foreign investors; (ii) investment in or acquisition of equity or asset of onshore companies; and (iii) onshore investment by and through any other means. Investment in certain key areas, such as material cultural products and services, material information technology and Internet service & products, key technologies and other important areas, which results in acquiring the de facto control of

investee companies shall be filed to a specifically established office before such investment is carried out. Failure to make such filing may subject such foreign investor to rectification within prescribed period, and will be recorded as negative credit information of such foreign investor in the relevant national credit information system, which would then subject such investors to joint punishment as provided by relevant rules. As these measures are recently promulgated, official guidance has not been issued by the designated office in charge of examination matters yet. At this stage, the interpretation of those measures remains unclear in many aspects such as what would constitute "material information technology and Internet service & products" and whether these measures may apply to foreign investment that is implemented or completed before the enactment of these new measures. As our business may be deemed to constitute the foregoing circumstances, we cannot assure you that our current business operations will remain fully compliant, or we can adapt our business operations to new regulatory requirements on a timely basis, or at all.

Failure by the shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from distributing profits and could expose us and our PRC resident shareholders to liability under the PRC laws.

PRC residents are required to file or obtain the certificates of outbound investment from, or register with, regulatory authorities when investing in offshore companies. The Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) ("**SAFE Circular 37**"), which was promulgated by SAFE and became effective on July 14, 2014, and the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment released on February 13, 2015 by the SAFE requires PRC residents to register with banks designated by local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC resident holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

In addition, our shareholders who are PRC entities shall complete their overseas direct investment filings according to applicable laws and regulations regarding the overseas direct investment by PRC entities, including certificates, filings or registrations with the MOFCOM and NDRC or the local branch of the MOFCOM and NDRC based on the investment amount, invested industry or other factors thereof, and shall also update or apply for amendment in respect to the certificates, filings or registrations in the event of any significant changes with respect to the offshore investment. We have notified and requested all of our shareholders to comply with, or notify their beneficial owners who are PRC residents to comply with applicable PRC regulations, including the requirements of NDRC and MOFCOM and their registration obligation under SAFE Circular 37 and other implementation rules.

We may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC residents to ensure their compliance with such requirements and obligations. In addition, we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with such requirements and obligations in a timely manner. Even if our shareholders and beneficial owners who are PRC residents comply with such request, we cannot provide any assurance that they will successfully obtain or update any registration in a timely manner due to many factors, including those beyond our and their control. For example, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registration might not be always practically available under all circumstances as prescribed in those regulations. Any failure by our PRC residents shareholders or beneficial owners to register with the authority or update their registrations in a timely manner, or the failure of our future shareholders or beneficial owners who are PRC residents to comply with the registration requirements may result in penalties and limit our PRC subsidiaries' ability to make distributions, pay dividends or other payments to us or affect our ownership structure and restrict our cross-border investment activities, which could adversely affect our business, financial condition and results of operations.

Any failure to comply with PRC regulations regarding our employee equity incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies (關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) ("**SAFE Circular 7**"), replacing the previous rules issued by SAFE in March 2007. Under the SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. Also, SAFE Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly-listed special purpose company may register with SAFE or its local branches before they exercise the share options. We and our PRC employees who have been granted share options will be subject to these regulations upon the completion of this [**REDACTED**]. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiary's ability to distribute dividends to us, or otherwise materially and adversely affect our business.

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

The heightened scrutiny over acquisitions from the PRC tax authorities may have a material and adverse impact on our business, acquisition or restructuring strategies or the value of your investment in us.

On February 3, 2015, the STA issued the "Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises" (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("**Circular 7**"), which abolished certain provisions in the "Notice on Strengthening the Administration of Enterprise Income Tax on non-Resident Enterprises" (《關於加強非居民企業股權轉讓企業所得稅管理的通知》) (the "**Circular 698**"), which was previously issued by the STA on December 10, 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (the "**PRC Taxable Assets**").

For example, Circular 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding EIT and without any other reasonable commercial purpose.

Except as provided in Circular 7, transfers of Chinese taxable property under the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to EIT: (i) more than 75% of the value of the overseas enterprise is directly or indirectly from Chinese taxable properties; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in the PRC at any time during the year prior to the indirect transfer of Chinese taxable property, or more than 90% of the income of the overseas enterprise is directly or indirectly from China during the year prior to the indirect transfer of Chinese taxable property; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold Chinese taxable property and have registered with the relevant authorities in the host countries (regions) in order to meet the local legal requirements in relation to organization forms, yet proved to be inadequate in their ability to perform their intended functions and withstand risks as their alleged organization forms suggest; or (iv) the income tax from the indirect transfer of Chinese taxable property payable abroad is lower than the income tax in the PRC that may be imposed on the direct transfer of such PRC Taxable Assets.

Although Circular 7 contains certain exemptions (including, (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the

non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from EIT under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares by our shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our shareholders or us to additional PRC tax reporting obligations or tax liabilities.

Provisions of SAFE Circular 7, which impose PRC tax liabilities and reporting obligations, do not apply to "a non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market" (the "**Public Market Safe Harbor**"), which is determined by whether the parties and number and price of the shares acquired and disposed are not previously agreed upon, but determined in accordance with general trading rules in the public securities markets, according to one implementing rule for Circular 698. In general, transfers of the Shares by shareholders on the Stock Exchange or other public markets would not be subject to the PRC tax liabilities and reporting obligations imposed under the SAFE Circular 7 if the transfers fall under the Public Market Safe Harbor. As stated in the section headed "Information about this Document and the [**REDACTED**]", potential [**REDACTED**] should consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in the Shares.

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 PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated based on the employee's actual salary level of previous year, and be subject to a minimum and maximum level as from time to time prescribed by local authorities.

Historically, certain PRC subsidiaries of our PRC Consolidated Affiliated Entity failed to open and register the accounts for social insurance and housing funds and instead engaged third-party human resources agencies to pay social insurance premium and housing provident funds for certain of our employees. Pursuant to the agreements entered into between such third-party human resources agencies and our relevant PRC subsidiaries, the third-party human resources agencies have the obligation to pay social insurance premium and housing provident funds for our relevant employees. As of the Latest Practicable Date, neither our Company nor our PRC subsidiaries had received any administrative penalty or labor arbitration application from employees for its agency arrangement with third-party human resources agencies. However, if such human resource agencies fail to pay the social insurance premium or housing provident funds for and on behalf of our employees as required by applicable PRC laws and regulations, we may be subject to additional contribution, late payment fee and/or penalties imposed by the relevant PRC authorities for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify. This in turn may adversely affect our financial condition and results of operations. As of the Latest Practicable Date, we have ceased to use the foregoing agency arrangement.

On July 20, 2018, the General Office of the Communist Party of China and the General Office of the State Council of the PRC issued the Reform Plan of the State Tax and Local Tax Collection Administration System (國稅地稅徵管體制改革方案) (the "Reform Plan"). Pursuant to the Reform Plan, starting from January 1, 2019, tax authorities shall be responsible for the collection of social insurance contributions in the PRC. However, no specific implementing rules for the Reform Plan have been issued, and the effect of the Reform Plan is uncertain at the current stage. We cannot guarantee that the amount of social insurance contributions we would be required to pay will not increase, nor that we would not be required to pay any shortfalls or be subject to any penalties or fines, any of which may have a material adverse effect on our business and results of operations.

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.

Fluctuations in exchange rates may affect the value of your* [REDACTED] *and limit our ability to utilize our cash effectively.

The exchange rate of the Renminbi against the Hong Kong dollar, U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC government and changes in the PRC's and international political and economic conditions. In July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Between May 2007 and March 2014, the PRC government further widened the daily band to as high as 2% in order to further improve the managed floating Renminbi exchange rate regime based on market supply and demand. In addition, the PBOC has introduced a series of measures to facilitate the reform of the Renminbi exchange rate regime, including the introduction of financial derivative products such as currency swaps, and the relaxation on Renminbi trading by non-financial institutions. The PRC government has since made, and in the future may make, adjustments to the exchange rate system. 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 further and more significant appreciation of Renminbi against the Hong Kong dollar, the U.S. dollar or other foreign currencies. If the appreciation of Renminbi continues, and as we need to convert the [**REDACTED**] from the [**REDACTED**] and future financing into Renminbi for our operations, appreciation of Renminbi against the relevant foreign currencies would reduce the Renminbi amount we would receive from the conversion. On the other hand, because the dividends on our Shares, if any, will be paid in Hong Kong dollars, any devaluation of Renminbi against the Hong Kong dollar could reduce the amount of any cash dividends on our Shares in Hong Kong dollar terms.

It may be difficult to effect service upon, or to enforce judgments against us or the Directors or senior management residing in the PRC, in connection with judgments obtained from courts other than the PRC courts.

The majority of our Directors and members of our senior management reside in the PRC. Almost all of our assets and most of the assets of our Directors and the members of our senior management are located within the PRC. Moreover, the PRC does not have treaties with most other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards. As a result, recognition and enforcement in the PRC of the judgment of a non-PRC court in relation to any matter not subject to a binding arbitration provision may be

difficult or impossible. Judgments obtained in a Hong Kong court may be enforced in the PRC, provided that certain conditions are satisfied. However, there are uncertainties as to the outcome of any applications to recognize and enforce such judgments in the PRC.

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other European countries or Japan. Hence, the recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

RISKS RELATED TO OUR CORPORATE STRUCTURE AND CONTRACTUAL ARRANGEMENTS

We conduct our businesses in the PRC through our Consolidated Affiliated Entities by way of Contractual Arrangements, and if the PRC government finds that these Contractual Arrangements do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to penalties or be forced to relinquish our interests in those operations.

We are a company incorporated under the laws of the Cayman Islands, and Linklogis Supply Chain Service, our PRC subsidiary, is therefore considered foreign-invested enterprises. To comply with PRC laws and regulations, we currently conduct a portion of our business in the PRC through our Consolidated Affiliated Entities, through a series of Contractual Arrangements by and among Linklogis Supply Chain Services, Linklogis Digital, the Relevant Shareholders and the Other Parties (as defined in the section headed "Contractual Arrangements" in the document). The Contractual Arrangements enable us to (i) have the power to direct the activities that most significantly affect the economic performance of the Consolidated Affiliated Entities; (ii) receive substantially all of the economic benefits from the Consolidated Affiliated Entities in consideration for the services provided by our PRC subsidiary; and (iii) have an exclusive option to purchase all or part of the equity interest in the Consolidated Affiliated Entities when and to the extent permitted by PRC law or request any existing shareholders of the Consolidated Affiliated Entities to transfer any or part of the equity interest in the relevant Consolidated Affiliated Entities to another PRC person or entity designated by us at any time at our discretion. Because of the Contractual Arrangements, we are the primary beneficiary of the Consolidated Affiliated Entities and consolidate the results of operations of the Consolidated Affiliated Entities into ours. Our Consolidated Affiliated Entities hold certain licenses, approvals and key assets that are essential for our business operations.

If the PRC government finds that our Contractual Arrangements do not comply with its restrictions on foreign investment in the our businesses, or if the PRC government otherwise finds that we, the Consolidated Affiliated Entities are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations or failures, including, without limitation:

- revoking our business and operating licenses;
- discontinuing or restricting our operations;
- imposing fines and/or confiscating any of our income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which we or our PRC subsidiary, Linklogis Supply Chain Services, and Consolidated Affiliated Entities may not be able to comply;
- requiring us or our PRC subsidiary, Linklogis Supply Chain Service, and Consolidated Affiliated Entities to restructure the relevant ownership structure or operations;

- restricting or prohibiting our use of the [**REDACTED**] from the [**REDACTED**] or our other financing activities to finance the business and operations of our Consolidated Affiliated Entities; or

- taking other regulatory or enforcement actions that could be harmful to our business.

Furthermore, any of the assets under the name of the shareholders of Consolidated Affiliated Entities, including their equity interests in our Consolidated Affiliated Entities, may be put under court custody in connection with litigation, arbitration or other judicial or dispute resolution proceedings against such shareholder. We cannot ensure that such equity interests will be disposed of in accordance with the Contractual Arrangements. Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of the Consolidated Affiliated Entities in our consolidated financial statements, if the PRC governmental authorities find our legal structure and Contractual Arrangements to be in violation of PRC laws, rules and regulations. If any of these penalties results in our inability to direct the activities of Consolidated Affiliated Entities that most significantly impact its economic performance and/or our failure to receive the economic benefits from the Consolidated Affiliated Entities, we may not be able to consolidate the Consolidated Affiliated Entities into our consolidated financial statements in accordance with the IFRSs.

Certain provisions in the Contractual Arrangements through which we conduct our business operations in the PRC may not be enforceable under PRC laws.

All the agreements under the Contractual Arrangements are governed by PRC laws. Uncertainties in the PRC legal system could limit our ability to enforce our contractual arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the Consolidated Affiliated Entities, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected.

Under the dispute resolution provisions of the agreements under the Contractual Arrangements, in the event of any dispute relating to the Contractual Arrangements, any party may submit the relevant dispute to the Shenzhen Court of International Arbitration for arbitration, in accordance with the then effective arbitration rules and procedures. The Contractual Arrangements also contain provisions to the effect that the arbitration tribunal may grant any remedies in accordance with the relevant agreement and applicable PRC laws, including preliminary and permanent injunctive relief (such as injunctions against carrying out business activities, or mandating the transfer of assets), remedies concerning the equity interest or assets of our Consolidated Affiliated Entities and awards directing it to conduct liquidation. However, under PRC laws, an arbitral body normally would not grant injunctive relief or winding up order of the Consolidated Affiliated Entities. Interim remedies or enforcement orders granted by overseas courts such as the courts of Hong Kong and the Cayman Islands also may not be enforceable under PRC laws. See the section headed "Contractual Arrangements" of this document for details of the enforceability of the Contractual Arrangements. Therefore, in the event that the Consolidated Affiliated Entities or its shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected.

Substantial uncertainties exist with the PRC foreign investment legal regime and may have a significant impact on our corporate structure and business operations.

On March 15, 2019, the NPC adopted the Foreign Investment Law (外商投資法), which came into effect on January 1, 2020. The Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture Enterprise Law (中外合資經營企業法), the Sino-Foreign Cooperative Joint Venture Enterprise Law (中外合作經營企業法) and the Wholly Foreign Invested Enterprise Law (外資企業法) to become the legal foundation for foreign investment in the PRC. On December 26, 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law (外商投資法實施條例), which came into effect on January 1, 2020. To obtain and maintain necessary licenses and permits in industries that are currently subject to foreign investment restrictions or prohibitions in China, many PRC-based companies including us have adopted the approach of conducting operations through Contractual Arrangements. The Foreign Investment Law currently does not explicitly categorize contractual arrangements as a form of foreign investment. However, the Foreign Investment Law also provides that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations, or provisions prescribed by the State Council" without elaboration on the meaning of "other methods." The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements. There is no assurance that future laws, administrative regulations or provisions of the State Council would not count contractual arrangements as a form of foreign investment.

Therefore, it is currently uncertain how our Contractual Arrangements will be identified as and whether it will meet the requirements of foreign investment access. In the worst-case scenario, we may be required to unwind the Contractual Arrangements and/or dispose of our Consolidated Affiliated Entities, which could have a material and adverse effect on our business operations. In the event that our Company no longer has a sustainable business after the aforementioned unwinding of the Contractual Arrangements or disposal, the Stock Exchange may take enforcement actions against us which may have a material adverse effect on the trading of our Shares or even result in delisting of our Company.

We may lose the ability to use and enjoy licenses, approvals and assets held by our consolidated affiliated entity that are material to our business operations if our Consolidated Affiliated Entity declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

We do not have priority pledges and liens against the assets of our Consolidated Affiliated Entities. If any of our Consolidated Affiliated Entities undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and we may not have priority over such third-party creditors on the assets of our Consolidated Affiliated Entity. If our Consolidated Affiliated Entities liquidates, we may take part in the liquidation procedures as a general creditor under the PRC Enterprise Bankruptcy Law and claim any outstanding liabilities owed by Consolidated Affiliated Entities to our PRC subsidiary, Linklogis Supply Chain Services, under the exclusive business cooperation agreement, along with other general creditors.

If the shareholders of our Consolidated Affiliated Entities were to attempt to voluntarily liquidate our Consolidated Affiliated Entities without obtaining our prior consent, we could effectively prevent such unauthorized voluntary liquidation by exercising our right to request the shareholders of our Consolidated Affiliated Entities to transfer all of their respective equity ownership interests to a PRC entity or individual designated by us in accordance with the exclusive call option agreement with the shareholders of our Consolidated Affiliated Entities. In addition, under the Contractual Arrangements signed by, among others, Linklogis Supply

Chain Services, Linklogis Digital and the Relevant Shareholders, the Relevant Shareholders do not have the right to receive dividends or retained earnings or other distributions from the Consolidated Affiliated Entities without our consent. In the event that the Relevant Shareholders initiate a voluntary liquidation proceeding without our authorization or attempts to distribute the retained earnings or assets of our Consolidated Affiliated Entities without our prior consent, we may need to resort to legal proceedings to enforce the terms of the Contractual Arrangements. Any such legal proceeding may be costly and may divert our management's time and attention away from the operation of our business, and the outcome of such legal proceeding will be uncertain.

The shareholders, directors and executive officers of the Consolidated Affiliated Entities may potentially have a conflict of interest with us, and they may breach their Contractual Arrangements with us or cause such arrangements to be amended in a manner contrary to our interests.

PRC laws provide that a director and an executive officer owes a fiduciary duty to the company he or she directs or manages. The directors and executive officers of the Consolidated Affiliated Entities must act in good faith and in the best interests of the Consolidated Affiliated Entity and must not use their respective positions for personal gain. On the other hand, as a director of our Company, the relevant individuals have a duty of care and loyalty to us and to our shareholders as a whole under Cayman Islands law. Conflicts of interests for these individuals may arise due to dual roles both as equity holders, directors and executive officers of the Consolidated Affiliated Entities and as our director or employee.

There can be no assurance that the shareholders of our Consolidated Affiliated Entities will always act in our best interests should any conflicts of interest arise, or that any conflicts of interest will always be resolved in our favor. There also can be no assurance that these individuals will ensure that the Consolidated Affiliated Entities will not breach the Contractual Arrangements. If we cannot resolve any of these conflicts of interest or any related disputes, we would have to rely on legal proceedings to resolve these disputes and/or take enforcement action under the Contractual Arrangements. There is substantial uncertainty as to the outcome of any of these legal proceedings.

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

Pursuant to the Contractual Arrangements, our PRC subsidiary, Linklogis Supply Chain Services, or its designated person(s) has the irrevocable and exclusive right to purchase all or any part of the equity interests in our Consolidated Affiliated Entities from its shareholders at any time and from time to time in our PRC subsidiary's absolute discretion to the extent permitted by PRC laws. The consideration shall be nominal price or the lowest price or nominal price as permitted under applicable PRC laws. In addition, under the Contractual Arrangements, our PRC subsidiary or its designated person(s) has the irrevocable and exclusive right, where permitted by PRC law, to purchase from our Consolidated Affiliated Entities all or any portion of its assets, and the purchase price shall be the lowest price as permitted under applicable PRC laws.

The transfer of equity or assets may be subject to the report submission through online enterprise registration system with MOFCOM and registrations with SAMR and their local competent counterparts. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authorities. The equity transfer price may be subject to review and tax adjustment by the relevant tax authorities. The assets transfer price to be received by our Consolidated Affiliated Entities under the Contractual Arrangements may also be subject to enterprise income tax, and these amounts could be substantial.

***Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could negatively impact our profitability and the value of your* [REDACTED].**

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements signed by, among others, Linklogis Supply Chain Services, Linklogis Digital and the Relevant Shareholders are not at arm's-length and adjust our Consolidated Affiliated Entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our Consolidated Affiliated Entities, which could in turn increase its tax liabilities without reducing our tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to our Consolidated Affiliated Entities for under-paid taxes. Our consolidated net loss may be increased if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

RISKS RELATING TO THE WVR STRUCTURE

The concentration of our Share's voting power limited our Shareholders' ability to influence corporate matters.

Our Company will be controlled through weighted voting rights upon completion of the [**REDACTED**]. Immediately upon the completion of [**REDACTED**], the WVR Beneficiary will be Mr. Song. Mr. Song will beneficially own [**REDACTED**] Class A Shares and [**REDACTED**] Class B Shares, representing approximately [**REDACTED**]% of the voting rights in our Company (assuming the [**REDACTED**] is not exercised) with respect to shareholder resolutions relating to matters other than the Reserved Matters. Mr. Song will hold these Class A Shares through Cabnetvic, Cabnetwa and Cabnetsa, and will hold these Class B Shares through Cabnetnt, all of which are companies directly wholly-owned by Mr. Song. Mr. Song therefore has significant influence over management and affairs of the Company and over all matters requiring shareholder approval, including the election of Directors (excluding the appointment, election or removal of any independent non-executive Director) and significant corporate transactions, such as a merger or other sale of our Company or our assets, for the foreseeable future. In addition, because each Class B Share carries only one tenth of the voting rights of each Class A Share (except as required by applicable law and in relation to the Reserved Matters), the issuance of the Class B Shares, including future stock-based acquisition transactions and employee equity incentive programs, could prolong the duration of the WVR Beneficiary's ownership of our voting power immediately after the completion of the [**REDACTED**] and their ability to determine the outcome of most matters submitted to a vote of our Shareholders. For further details about our shareholding structure, see the section headed "Share Capital — Weighted Voting Rights Structure" of this document.

This concentrated control limits or severely restricts our Shareholders' ability to influence corporate matters and, as a result, we may take actions that our Shareholders do not view as beneficial. As a result, the market price of our [**REDACTED**] could be adversely affected.

Holders of our Class A Shares may exert substantial influence over us and may not act in the best interests of our other Shareholders.

Following the completion of the [**REDACTED**], our WVR Beneficiary 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' resolutions, irrespective of how other shareholders vote. The interests of the holders of our Class A Shares may not necessarily be aligned with the interests of our Shareholders as a whole, and this concentration of voting power may also have the effect of delaying, deferring or preventing a change in control of our Company.

RISKS RELATING TO THE [REDACTED] AND OUR SHARES

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

Prior to the [**REDACTED**], there has been no public market for our Shares. The initial [**REDACTED**] for our Shares was the result of negotiations among us and the [**REDACTED**] and the [**REDACTED**] may differ significantly from the market price for our Shares following the [**REDACTED**]. We have applied for [**REDACTED**] of and permission to deal in our Shares on the Stock Exchange. There is no assurance that the [**REDACTED**] will result in the development of an active, liquid public trading market for our Shares. Factors such as variations in our revenue, earnings and cash flows or any other developments of our Company may affect the volume and price at which our Shares will be traded.

Our largest shareholder is able to exercise significant influence over us.

Following the completion of the [**REDACTED**], Mr. Song will be interested in and will control [**REDACTED**] Class A Shares and [**REDACTED**] Class B Shares through four intermediary entities, Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt, which represents approximately [**REDACTED**]% of our issued share capital and approximately [**REDACTED**]% of our voting rights immediately after the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised. As Mr. Song will become the largest Shareholder of our Company, he will have the ability to exercise significant influence over us, including, among others, matters relating to:

- nomination and election of our Directors;
- determination of business strategies and investment plans;
- determination of dividend distribution;
- change of use of [**REDACTED**]; and
- review any plans related to major corporate activities, including mergers, acquisitions or investments.

The interests of the Controlling Shareholders may differ from the interests of other Shareholders and the Controlling Shareholders are free to exercise their votes right according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of the other Shareholders may be disadvantaged and harmed.

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

Factors such as fluctuations in our revenue, earnings, cash flows, new investments, regulatory development, additions or departures of key personnel, or actions taken by competitors could cause the market price of our Shares or trading volume of our Shares to change substantially and unexpectedly. In addition, stock prices have been subject to significant volatility in recent years. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. Such volatility, as well as general economic conditions, may materially and adversely affect the prices of shares, and as a result investors in our Shares may incur substantial losses.

Subscribers and purchasers of our Shares under the* [REDACTED] *will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of our Shares is higher than our net tangible assets value per Share immediately prior to the [**REDACTED**]. Therefore, subscribers and purchasers of our Shares under the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] net tangible assets value per Share. In order to expand our business, we may consider offering and issuing additional Shares in the future or to raise additional funds in the future to finance our business expansion, for existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of the existing Shareholders may be reduced, and they may experience subsequent dilution and reduction in their earnings per share, (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders and/or (iii) subscribers and purchasers of our Shares may experience dilution in the net tangible assets value per Share if we issue additional Shares in the future at a price which is lower than our net tangible assets value per Share.

Future sale or major divestment of Shares by any of our substantial Shareholders could adversely affect the prevailing market price of our Shares.

The Shares held by certain substantial Shareholders are subject to certain lock-up periods, the details of which are set out in the section headed "[**REDACTED**]" of this document. However, we cannot give any assurance that after the restrictions of the lock-up periods expire, these Shareholders will not dispose of any Shares. Sale of substantial amounts of our Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing market price of our Shares.

***The market price of the Shares when trading begins could be lower than the* [REDACTED].**

The [**REDACTED**] will be determined on the [**REDACTED**]. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be a few Business Days after the expected [**REDACTED**]. [**REDACTED**] may not be able to sell or otherwise deal in the Shares during that period. As a result, holders of the Shares are subject to the risk that the price of the Shares when trading begins could be lower than the [**REDACTED**] as a result of adverse market conditions or other adverse developments that may occur during that period.

[**REDACTED**] ***should not place undue reliance on facts, forecasts, estimates and other statistics in this document relating to the economy and our industry obtained from official resources.***

Facts, forecasts, estimates and other statistics in this document relating to the economy and the industry in which we operate our business on have been collected from materials from official government sources. While we have exercised reasonable care in compiling and reproducing such information and statistics derived from government publications, we cannot assure you nor make any representation as to the accuracy or completeness of such information.

Neither we or any of our respective affiliates or advisors, nor the [**REDACTED**] or any of its affiliates or advisors, have independently verified the accuracy or completeness of such information directly or indirectly derived from official government sources. In particular, due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such information and statistics may be inaccurate or may not be comparable to information and statistics produced with respect to other countries. Statistics,

industry data and other information relating to the economy and the industry derived from the official government sources used in this document may not be consistent with other information available from other sources and therefore, [**REDACTED**] should not unduly rely upon such facts, forecasts, estimates and statistics while making [**REDACTED**] decisions.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price and trading volume of our Shares may decline.

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

We may not be able to pay any dividends to our Shareholders.

We cannot guarantee when and in what form dividends will be paid on our Shares following the [**REDACTED**]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, such as our business and financial performance, capital and regulatory requirements and general business and operation conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

[**REDACTED**] ***may experience difficulties in enforcing Shareholder rights.***

Our Company is an exempted company incorporated in the Cayman Islands with limited liability and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where [**REDACTED**] may be located. The corporate affairs of our Company are governed by the Memorandum and the Articles, the Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Company and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to our Company under Cayman Islands laws are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of the Shareholders and the fiduciary duties of our Directors under Cayman Islands laws may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong or other jurisdictions where [**REDACTED**] reside. In particular, the Cayman Islands has a less developed body of securities laws. As a result of all of the above, Shareholders may have more difficulty in exercising their rights in the face of actions taken by the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions.

Certain statistics contained in this document are derived from a third party report which are not independently verified by us. There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert report, contained in this document.

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the supply chain finance market and supply chain finance technology solution market in China. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Sponsors, [**REDACTED**] or any other party involved in the [**REDACTED**], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire document carefully and should not place any reliance on any information contained in press articles or other media regarding the **[REDACTED].**

There may have been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [**REDACTED**], press and media coverage regarding us and the [**REDACTED**], such as the profit estimate information. You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in Hong Kong in making your [**REDACTED**] decision regarding the [**REDACTED**]. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any estimates, views or opinions expressed by the press or other media regarding the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Accordingly, prospective [**REDACTED**] should not rely on any such information, reports or publications in making their decisions whether to [**REDACTED**] in the [**REDACTED**]. Prospective [**REDACTED**] in the [**REDACTED**] are reminded that, in making their decisions as to whether to purchase our Shares, they should rely only on the financial, operational and other information included in this document and the [**REDACTED**]. By applying to purchase our Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the [**REDACTED**].

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

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 8.17 and 3.28 of the Listing Rules, the company secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experiences is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a Member of 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); or

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

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience," the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and roles he or 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 appointed Ms. Wang Yihan (王一涵) ("**Ms. Wang**") and Mr. Wong Keith Shing Cheung (王承鏘) ("**Mr. Wong**") as joint company secretaries of our Company. See the section headed "Directors and Senior Management – Joint Company Secretaries" of this document for their biographies.

Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Accordingly, while Ms. Wang does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has [granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Wang may be appointed as a joint company secretary of our Company. Pursuant to the Guidance Letter HKEX-GL108-20, the waiver will be for a fixed period of time ("**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years from the [**REDACTED**], and is [granted] on the condition that Mr. Wong, as a joint company secretary of our Company, will work closely with, and provide

assistance to, Ms. Wang in the discharge of her duties as a joint company secretary and in gaining the relevant company secretary experience as required under Rule 3.28 of the Listing Rules and becoming familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. Given Mr. Wong's professional qualifications and experience, he will be able to explain to both Ms. Wang and our Company the relevant requirements under the Listing Rules. Mr. Wong will also assist Ms. Wang in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. He is expected to work closely with Ms. Wang, and will maintain regular contact with Ms. Wang, the Directors and the senior management of our Company. The waiver will be revoked immediately if Mr. Wong ceases to provide assistance to Ms. Wang as a joint company secretary for the three-year period after the [**REDACTED**] or where there are material breaches of the Listing Rules by our Company. In addition, Ms. Wang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**].

In the course of preparation of the [**REDACTED**], Ms. Wang attended a training seminar on the respective obligations of the Directors and senior management and our Company under the relevant Hong Kong laws and the Listing Rules provided by our Company's Hong Kong legal advisor, Davis Polk & Wardwell, and has been provided with the relevant training materials. Our Company will further ensure that Ms. Wang has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer [**REDACTED**] on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Furthermore, both Ms. Wang and Mr. Wong will seek and have access to advice from our Company's Hong Kong legal and other professional advisor as and when required. Our Company has appointed Rainbow Capital (HK) Limited as the compliance advisor upon our Listing pursuant to Rule 3A.19 of the Listing Rules, which will act as our Company's additional channel of communication with the Stock Exchange, and provide professional guidance and advice to our Company and its joint company secretaries as to compliance with the Listing Rules and all other applicable laws and regulations. Prior to the end of the three-year period, the qualifications and experience of Ms. Wang and the need for ongoing assistance of Mr. Wong will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Ms. Wang, having benefited from the assistance of Mr. Wong for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the "relevant experience" within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CONNECTED TRANSACTIONS

We have entered into the Contractual Arrangements, which will constitute continuing connected transactions of our Company under the Listing Rules following the completion of the [**REDACTED**]. We have applied to the Stock Exchange for, and the Stock Exchange has [granted], a waiver from strict compliance with (where applicable) (i) the announcement and independent shareholders' approval requirements, (ii) the annual cap requirement, and (iii) the requirement of limiting the term of the continuing connected transactions set out in Chapter 14A of the Listing Rules for such continuing connected transactions. Should there be any amendment of terms of the Contractual Arrangements or any proposed transaction to be entered into between our Group and its connected person(s), our Group shall comply with the requirements under Chapter 14A of the Listing Rules unless a waiver from the Stock Exchange is obtained as appropriate. For further details, see the section headed "Connected Transactions" of this document.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Song Qun (宋群)	Flat B, 22/F, My Central 23 Graham Street, Central Hong Kong	Chinese
Mr. Ji Kun (冀坤)	No. 53, Jintang Street South Hongling Road Luohu District Shenzhen Guangdong, China	Chinese
Ms. Chau Ka King (周家瓊)	Room 605, Block 25 Heng Fa Chuen Chai Wan Hong Kong	Chinese
Non-Executive Directors		
Mr. Lin Haifeng (林海峰)	No. 25, Gao'an Road Xuhui District Shanghai, China	Chinese
Mr. Zhang Yuhan (張予焓)	No. 1507, Building 3 No. 7, Dongjiaomin Lane Dongcheng District Beijing, China	Chinese
Mr. Zhao Yongsheng (趙永生)	18B, Block 20 Yanlord Riverside Park 99 Pucheng Road Pudong New Area Shanghai, China	Chinese

Name	Address	Nationality
Independent Non-Executive Directors		
Mr. Gao Feng (高峰)	No. 145 Lane 2000, Yunshan Road Pudong New Area Shanghai, China	Chinese
Mr. Tan Huay Lim (陳懷林)	109 Tai Keng Gardens Singapore 535390	Singaporean
Mr. Chen Wei (陳瑋)	Room 901, Building 3 No. 55 Zhenning Road Changning District Shanghai, China	Chinese

Further information is disclosed in the section headed "Directors and Senior Management" of this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

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

[**REDACTED**]

Legal Advisors to our Company

As to Hong Kong and U.S. laws

Davis Polk & Wardwell
18th Floor
The Hong Kong Club Building
3A Chater Road
Hong Kong

As to PRC law

Commerce & Finance Law Offices
23/F, Building A, CASC Plaza
Haide 3rd Road
Nanshan District
Shenzhen, 518067
PRC

As to Cayman Islands law

Harney Westwood & Riegels
3501, The Center
99 Queen's Road
Central
Hong Kong

Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws* **Skadden, Arps, Slate, Meagher & Flom and affiliates** 42nd Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law* **Haiwen & Partners** 20/F, Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District, Beijing 100020 PRC
Reporting Accountants and Auditor	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road, Central Hong Kong

[**REDACTED**]

Industry Consultant	**China Insights Industry Consultancy Limited** 66/F The Center 99 Queen's Road Central Hong Kong

CORPORATE INFORMATION

Registered Office in the Cayman Islands	ICS Corporate Services (Cayman) Limited 3-212 Governors Square 23 Lime Tree Bay Avenue P.O. Box 30746, Seven Mile Beach Grand Cayman KY1-1203 Cayman Islands
Headquarters and Principal Place of Business in the PRC	Floor 36, CES Building No. 3099 Keyuan South Road Nanshan District Shenzhen, Guangdong, 518063 PRC
Principal Place of Business in Hong Kong	40/F, Sunlight Tower No. 248 Queen's Road East Wanchai, Hong Kong
Company Website	**www.linklogis.com** *(the information contained on this website does not form part of this document)*
Joint Company Secretaries	Ms. Wang Yihan (王一涵) Floor 36, CES Building No. 3099 Keyuan South Road Nanshan District Shenzhen, Guangdong, 518063 PRC Mr. Wong Keith Shing Cheung (王承鏘) *(member of the Hong Kong Institute of Certified Public Accountants)* 40/F, Sunlight Tower No. 248 Queen's Road East Wanchai, Hong Kong
Authorized Representatives	Mr. Song Qun (宋群) Floor 36, CES Building No. 3099 Keyuan South Road Nanshan District Shenzhen, Guangdong, 518063 PRC Mr. Wong Keith Shing Cheung (王承鏘) *(member of the Hong Kong Institute of Certified Public Accountants)* 40/F, Sunlight Tower No. 248 Queen's Road East Wanchai, Hong Kong

Audit Committee	Mr. Tan Huay Lim (陳懷林) *(Chairman)* Mr. Gao Feng (高峰) Mr. Chen Wei (陳瑋)
Remuneration Committee	Mr. Gao Feng (高峰) *(Chairman)* Mr. Chen Wei (陳瑋) Mr. Song Qun (宋群)
Nomination Committee	Mr. Gao Feng (高峰) *(Chairman)* Mr. Chen Wei (陳瑋) Mr. Song Qun (宋群)
Corporate Governance Committee	Mr. Gao Feng (高峰) *(Chairman)* Mr. Tan Huay Lim (陳懷林) Mr. Chen Wei (陳瑋)

[**REDACTED**]

Compliance Advisor	Rainbow Capital (HK) Limited Room 5B, 12/F, Tung Ning Building No. 2 Hillier Street, Sheung Wan Hong Kong
Principal Banks	China Merchants Bank Co.,Ltd., Beijing Branch 1/F, China Merchants International Financial Centre A 156 Fuxingmennei Street Beijing, PRC Industrial and Commercial Bank of China Limited, Shenzhen Branch No. 1 Jintang Road, Shennan East Road Luohu District Shenzhen, Guangdong, PRC Shanghai Pudong Development Bank Co., Ltd., Shenzhen Branch No. 333 Li Yuan Road, Sungang Street Luohu District Shenzhen, Guangdong, PRC

The information and statistics about the supply chain finance technology solution industry in China and overseas regions in this section and other sections of this [**REDACTED**] *document are extracted from the CIC Report prepared by CIC, an independent third-party industry consultant commissioned by us. We believe that the sources of such information are appropriate, and reasonable care has been taken in extracting and reproducing the information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. We believe that there has been no adverse change in the market information since the date of the CIC Report, which may qualify, contradict, or have an impact on the information set out in this section. The information and statistics have not been independently verified by the Company or the Sponsors or any of our or their respective directors, officers, agents, employees, advisors or representatives or any other persons involved in the* [**REDACTED**] *(excluding CIC), and no representation is given as to its accuracy or completeness. As such, no undue reliance shall be placed on the information and statistics. Unless otherwise indicated, the market and industry information and data in this section are extracted from the CIC Report. The information in this section may differ from the information from other sources. For discussions of risks relating to our industries, please refer to the section headed "Risk Factors — Risks Relating to Our Business and Industry" of this document.*

SOURCES OF INFORMATION

This section contains information extracted from the China Insights Consultancy Report ("**CIC Report**") prepared by CIC independently, which is commissioned by us, for this [**REDACTED**] document. We expect to pay CIC a total of RMB500,000 for the CIC Report and our use thereof. CIC is a consulting company established in Hong Kong which provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries.

CIC undertook both primary and secondary research using various resources to construct this report. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, including NBSC, CBIRC, CSRC, etc. The information and data collected by CIC have been analyzed, assessed, and validated using CIC's in-house analysis models and techniques. The methodology used by CIC is based on information gathered from multiple levels, which allows for such information to be cross-referenced for reliability and accuracy.

CIC prepared its report on the following basis and assumptions for historical data and projections: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period; (ii) related key industry drivers are likely to propel continued growth in the supply chain finance market throughout the forecast period, including supportive policies regarding supply chain finance industry, financial technologies, etc.; (iii) there will be no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way during the forecast period. All forecasts in relation to market size are based on the general economic conditions as of the Latest Practicable Date, which would be adjusted if the COVID-19 outbreak persists or escalates and has an unpredicted negative impact on the general economy.

OVERVIEW OF SUPPLY CHAIN FINANCE INDUSTRY IN CHINA

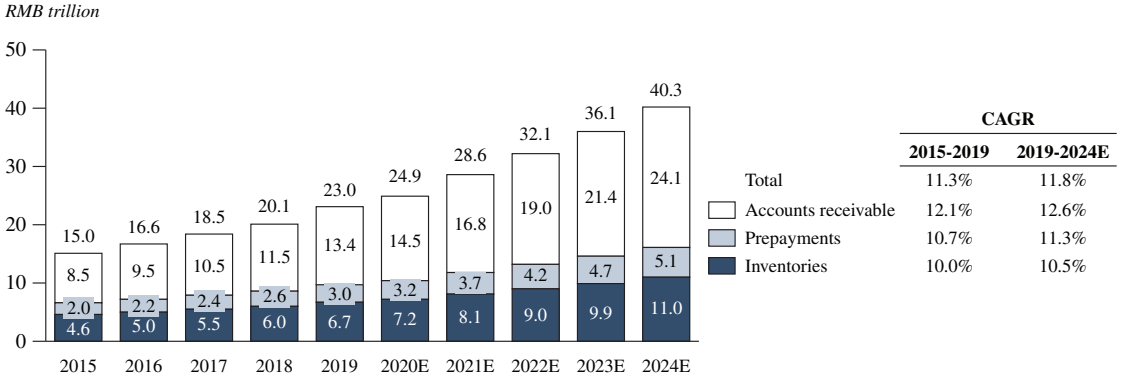
Supply chain finance is a set of finance and payment solutions that aim to optimize payment cycle and improve working capital efficiency for suppliers and buyers by leveraging creditworthiness of the large enterprises in the supply chains, which are often referred to as anchor enterprises. There are a variety of supply chain assets that can be used for financing purpose, such as accounts receivable, prepayments and inventories. Supply chain finance has proven to be an effective way to bridge the financing gap for businesses along the supply chain, in particular SMEs, as it provides them with access to early payment and low-cost funding by utilizing supply chain assets which are endorsed by anchor enterprises' strong creditworthiness. Through supply chain finance, anchor enterprises can benefit from improved working capital conditions for businesses along their supply chains, thus enhancing operational efficiency and stability of industrial value chains. In the meantime, with an anchor-centric approach that integrates information flows from various transactions and trade activities, supply chain finance also enables financial institutions to manage risks effectively and provide inclusive financing for SMEs.

Market size of supply chain finance in China

The supply chain finance market in China has grown rapidly in recent years, driven by increasing transactions and trade activities, higher financing penetration rate and favorable regulatory tailwinds. The increased transactions and businesses in various supply chains have led to a continued growth of the balance of supply chain assets, which increased from RMB55.1 trillion in 2015 to RMB72.6 trillion in 2019 and is expected to further increase to RMB99.9 trillion by 2024, according to CIC. In addition, businesses along the supply chain are increasingly leveraging supply chain assets to optimize working capital efficiency and obtain financing. According to CIC, as a result, the supply chain finance market in China, in terms of outstanding finance balance, grew rapidly from RMB15.0 trillion in 2015 to RMB23.0 trillion in 2019 at a CAGR of 11.3%. As the strong growth momentum continues, the supply chain finance market in China is expected to reach RMB40.3 trillion in 2024, representing a CAGR of 11.8% between 2019 and 2024.

The following chart shows the historical and forecasted market size of supply chain finance in China in terms of outstanding finance balance by underlying assets for the years indicated.

Market size of supply chain finance in China
(by outstanding finance balance of underlying assets, 2015–2024E)

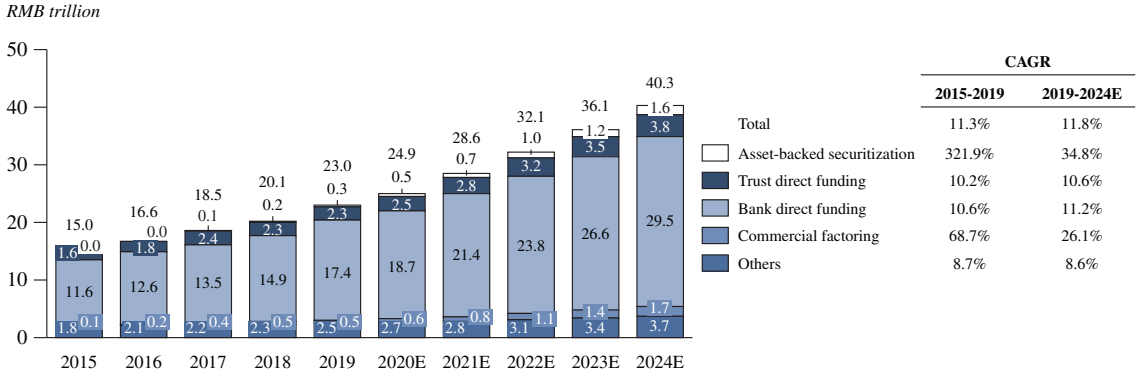


	CAGR	
	2015-2019	2019-2024E
Total	11.3%	11.8%
Accounts receivable	12.1%	12.6%
Prepayments	10.7%	11.3%
Inventories	10.0%	10.5%

Source: NBSC, CIC

The following chart shows the historical and forecasted outstanding finance balance of supply chain finance in China by funding sources for the years indicated.

Market size of supply chain finance in China
(by outstanding finance balance of funding sources, 2015–2024E)

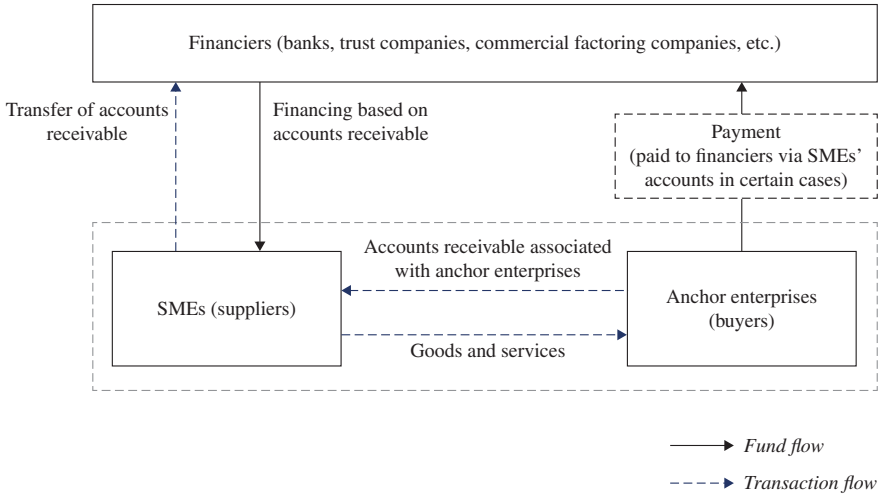


	CAGR	
	2015-2019	2019-2024E
Total	11.3%	11.8%
Asset-backed securitization	321.9%	34.8%
Trust direct funding	10.2%	10.6%
Bank direct funding	10.6%	11.2%
Commercial factoring	68.7%	26.1%
Others	8.7%	8.6%

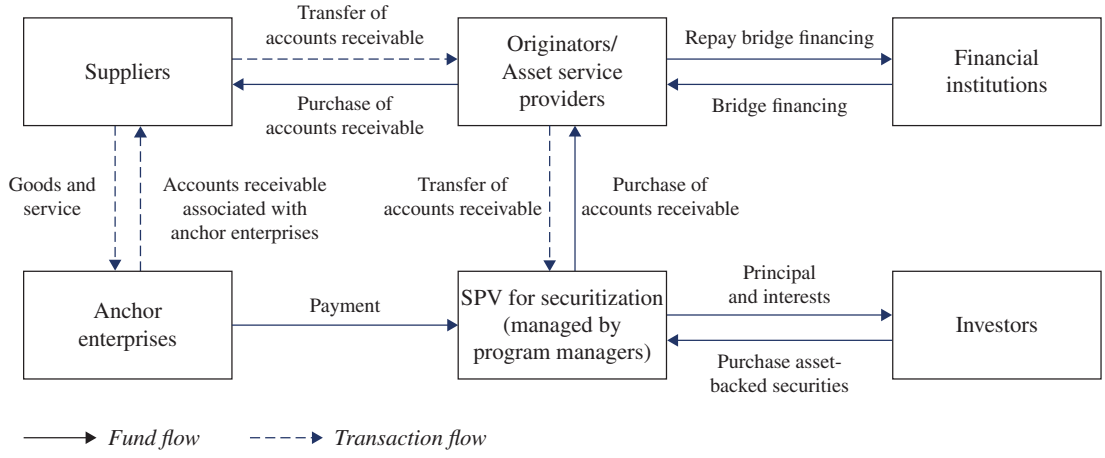
Source: PBOC, CBIRC, CFEC, CIC

The three largest funding sources in China's supply chain finance market are bank direct funding, trust direct funding and commercial factoring, accounting for 75.4%, 9.9%, and 2.3% of the total financing balance in 2019, respectively, according to CIC.

The following diagram illustrates the process of factoring, a typical type of accounts receivable-based supply chain finance business. Accounts receivable is generated upon completion of a business transaction with the anchor enterprise, and the suppliers can transfer the accounts receivable to a financier at a certain discount in exchange for immediate cash from the financier. The anchor enterprise will later make payment to the financier either directly, or indirectly through the supplier, at agreed terms when its payment obligation is due. This approach allows suppliers to get access to cash earlier while giving anchor enterprises more time to pay off their obligations, thus improving working capital efficiency and cash flow for both parties. As a result, anchor enterprises are increasingly looking to supply chain finance as an attractive alternative payment option to traditional settlement methods such as cash or credit.



In addition to the three aforementioned funding sources, in recent years, asset-backed securitization has emerged as a new funding source for supply chain finance and an attractive investment option for a broader group of investors such as banks, asset management companies, fund companies and insurance companies. Asset-backed securitization involves packaging supply chain assets into securitized products offered on stock exchanges or interbank market in China, or sold to investors directly. In addition to anchor enterprises and suppliers, there are multiple professional parties involved in the securitization process, including originators who initially purchase supply chain assets from suppliers, asset service providers who process and package the assets, program managers, bridge funding providers, underwriters, investors, etc. According to CIC, supply chain asset-backed securitization is expected to be the fastest growing funding source for supply chain finance in China, with a projected CAGR of 34.8% between 2019 and 2024. The diagram below illustrates the typical process of issuing asset-backed securities based on accounts receivable.



Market drivers of the supply chain finance market in China

- **Increasing demand for flexible finance and efficient payment solutions from anchor enterprises:** Supply chain finance is anchor-centric as the supply chain finance process usually stems from anchor enterprises who wish to offer financial support to suppliers. As a result, anchor enterprises play a vital role in the supply chain finance ecosystem. Anchor enterprises are large enterprises with prime credit profile. According to CIC, as of December 31, 2019, the total number of large enterprises in China with a credit rating of AA or above was 4,511, producing an aggregate amount of RMB30.2 trillion of accounts payable with an average of RMB6.7 billion per enterprise. Anchor enterprises not only look for flexible supply chain finance and payment options to improve their working capital efficiency, but also seek to maintain healthy business relationships with their suppliers and distributors as well as a stable and financially sustainable supply chain ecosystem. Through providing low-cost funding and early access to payment for suppliers, supply chain finance allows anchor enterprises to negotiate better terms with suppliers, such as more flexible payment schedules, to optimize their working capital efficiency and cash flow management.

- **Increasing demand for supply chain finance from financial institutions:** Banks and other financial institutions are increasingly leveraging supply chain finance to help them meet the strategic objectives of SME financing. While financial institutions typically find it challenging to assess credit risks of suppliers, mostly SMEs, on a standalone basis due to a lack of access to reliable financial information and collateral assets, supply chain finance represents an attractive option for financial institutions as it enables them to focus on the credit profiles of the anchor enterprises, instead of the suppliers. According to CIC, as of December 31, 2019, there were 4,117 banks in China, and the total outstanding balance of supply chain finance provided by banks reached RMB17.4 trillion at a CAGR of 10.6% from 2015. In addition to banks, other financial institutions such as securities companies, trust companies and insurance companies also play an active role in the supply chain finance securitization process. As of December 31, 2019, there were 133 securities companies, 68 trust companies and 240 insurance companies in China, according to CIC.

- **Growing yet unmet liquidity demand from SMEs:** There were approximately 38 million SMEs in China, accounting for over 98% of the total number of Chinese enterprises as of December 31, 2019. SMEs represent a critical component of China's economy as they contributed more than 60% of the national GDP in 2019. However, their growing liquidity demand is largely unmet. Financing to SMEs is insufficient to meet their business growth. Only around 30% of social financing was allocated to them in 2019. It is estimated by CIC that more than 50% of SMEs' financing demand was unmet by financial institutions in 2019, which amounted to more than RMB60 trillion. The financing options for SMEs are limited by their lack of strong credit profiles, reliable financial information and eligible collateral assets. Even if some SMEs have access to financing their financing cost typically falls within the range between 10% and 20%, according to CIC. Additionally, SMEs face liquidity problems in the supply chain process as their working capital is squeezed by the long payment period of their accounts receivable, which was approximately 92 days on average in China, as compared to 51 days on average in the U.S., in 2019, according to CIC. In practice, if accounting for the time it takes for anchor enterprises to confirm invoices and complete the payment process, it could take 6-12 months for SMEs to receive final payments. Therefore, SMEs are increasingly looking for solutions to gain access to financing more easily and cost-effectively and improve their liquidity condition.

- **Favorable governmental policies:** The Chinese government has been promoting the development of supply chain finance as an effective way to boost the real economy. Since 2017, the Chinese government has introduced a number of regulations and policies to accelerate the development and innovation of the supply chain finance industry, with a focus on enhancing financing and liquidity conditions for businesses along the supply chains through digital channels. These include, for example, the Guidance on Promoting Innovation and its Application in Supply Chains published by the State Council in 2017, the Guidance on Promoting Supply Chain Finance for Serving the Real Economy by CBIRC in 2019 and the Guidance on Promoting Regulated Development of Supply Chain Finance in Support of Stable Circulation, Optimization and Upgrading of Supply Chains and Industrial Chains jointly published by PBOC, MIIT, MOFCOM, CBIRC and a number of other regulatory authorities in 2020. In response to governmental guidance, financial institutions seek for new ways to expand their service coverage to SMEs along industry chains, support major construction projects and core industry development and boost the development of real economy. These new regulations also encourage anchor enterprises to enhance digitalization of supply chain management and promote supply chain finance that benefit their own supply chains and the verticals in which they operate.

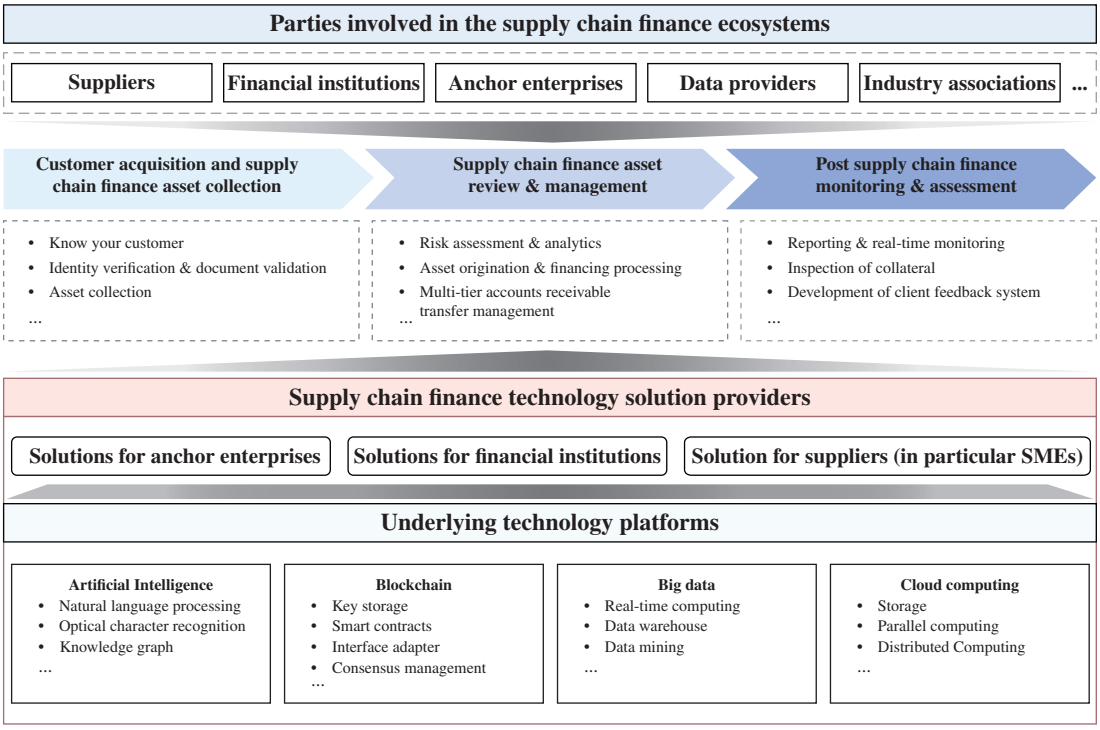
The nature of supply chain finance and the significant growth potential of the supply chain finance market in China have prompted needs for digital transformation. Supply chain finance in nature involves a broad range of participants and coordination and information exchange among various participants are usually ineffective. As a result, traditional supply chain finance model has long been cumbersome and inefficient, making anchor enterprises less motivated to coordinate with their suppliers in the process. Significant information asymmetry among different participants in supply chain finance has resulted in low data creditability and transparency, making it difficult to verify transaction details and effectively assess and manage operational risks, in particular human errors and frauds related to paperwork and manual processing. Additionally, with evolving demands from various parties in the supply chain finance process, legacy systems are not flexible enough to upgrade and customize solutions for new businesses and use cases. These factors have long prevented supply chain finance from quickly scaling up and hampered its ability to meet the rapidly evolving needs from participants in the supply chain finance process.

Digital transformation for supply chain finance is therefore more vital than ever against this backdrop. There is an increasing demand for integrated technology solutions covering asset collection and verification, financing and other workflows in supply chain finance. Supply chain finance technology solutions can enhance information sharing, drive standardization and automation across supply chains and enable more data-driven risk management, which will ultimately help lower financing costs and optimize overall operational efficiency.

OVERVIEW OF SUPPLY CHAIN FINANCE TECHNOLOGY SOLUTION INDUSTRY IN CHINA

Supply chain finance technology solutions refer to applications of advanced technologies, such as AI, blockchain, big data and cloud computing, to improve the level of intelligence, digitalization and automation of the entire supply chain finance and payment process.

The following diagram illustrates the key workflows of supply chain finance and the roles that supply chain finance technology solution providers play in the transactions.



(i) **AI:** AI technologies can help digitalize and automate the supply chain asset collection and management process, and perform information validation in a more accurate and intelligent way, thus improving the processing capacity and overall operational efficiency of supply chain finance. In particular, OCR and NLP technologies, which focus on comprehending unstructured human language and transforming texts and messages into structured electronic data suitable for automatic analysis and cross-check, and help streamline traditionally time-consuming processes such as verification of complex contracts and legal documents. According to CIC, Linklogis is leading the industry with AI accuracy rates of more than 95% for general documents and more than 90% for complicated legal documents and contracts. Powered by AI technologies, time needed for asset collection and verification of one single transaction can be reduced to a few hours, as compared to 1-2 weeks as required by the traditional manual and paper-based process.

(ii) **Blockchain:** Blockchain is a form of distributed ledger that can record information and activities of stakeholders securely, permanently, and in an easily verifiable manner. Blockchain technology can generate immutable and traceable records, which enable stakeholders in the supply chain finance ecosystem to verify information and track transaction progress of each other, substantially reducing information asymmetry and enhancing the flow of credit and payment to deep-tier suppliers. For example, Multi-tier AR Transfer Cloud, offered by Linklogis, can create digital payment obligation that represents suppliers' accounts receivable, or Digipo. The creation and transfer of, and financing and payment enabled by, Digipo features a range of blockchain technologies, consisting of cryptography, peer-to-peer communications and smart contracts that bring trust, transparency and security within the supply chain finance ecosystem.

(iii) **Big data:** Big data technologies are based on and refined by algorithmic rules and models trained with the large volume of data generated from complex supply chain transactions, including transaction history and credit performance. Whenever similar transaction patterns or credit performance occur, technology solutions powered by big data technologies are able to identify the corresponding risk levels based on algorithmic rules and models, thus helping enhance risk management capability and provide insights and visibility into transactions for anchor enterprises and financial institutions.

(iv) **Cloud computing:** Cloud computing is the on-demand availability of computer system resources, which provides cloud-based infrastructure, platforms or software solutions. Cloud computing eliminates the need of investment in in-house servers or software, thus helping reduce upfront development and maintenance cost, and requires less time for implementation as compared to in-house infrastructure. Cloud computing also helps provide real time visibility into supply chain finance transactions with its capacity to handle a number of occurrences at the same time. In addition, cloud computing makes technology solutions more adaptable for on-going maintenance and upgrade for larger scale operation and adoption of new use cases, thus reducing costs and improving operational efficiency.

Value propositions of supply chain finance technology solutions

- **Breaking information barrier and reducing information asymmetry:** Information asymmetry poses huge challenges for risk assessment and management of supply chain finance transactions, and makes it difficult for financial institutions to provide funding for SMEs in a risk-mitigated way to comply with their internal requirements. Supply chain finance technology solutions also provide valuable insights into deep-tier suppliers along the increasingly complex supply chains, while traditional supply chain finance tends to only serve tier-1 suppliers given that information transparency declines quickly along deep tier supply chains. Supply chain finance technology solutions, especially those supported by blockchain technologies that establish immutable and traceable transaction records, can improve data credibility and transparency across the entire supply chain. At

the same time, supply chain finance technology solutions that are integrated with internal systems of the clients can collect and extract information and data from different parts of operations, thus increasing efficiency and effectiveness of internal information management for better supply chain management and risk control.

- **Improving efficiency and reducing costs:** Supply chain finance technology solutions help accelerate digital transformation of the supply chain finance ecosystem and optimize the supply chain finance process through the application of cutting-edge technologies. For example, anchor enterprises and financial institutions are increasingly using OCR and NLP technologies to minimize manual data entry and processing, which has significantly reduced operational costs and improved efficiency.

- **Enhancing connectivity among partners across the supply chain finance ecosystem**: Supply chain finance technology solutions enable SMEs to get funding from financial institutions more easily and at better terms while providing financial institutions with a reliable access to quality supply chain assets and a wide variety of supply chain data and insights that are not possible with the traditional model. This has made the supply chain ecosystem more vibrant and interconnected than ever, benefiting all stakeholders along the supply chains.

Market size of supply chain finance technology solution market in China

Due to their increasing demand for supply chain finance and payment solutions, anchor enterprises and financial institutions are the main adopters of supply chain finance technology solutions. Supply chain finance technology solutions increase information transparency of underlying assets, improve data credibility and provide anchor enterprises and financial institutions with automated and digitalized workflows.

According to CIC, the total spending by anchor enterprises and financial institutions on supply chain finance technology solutions in China grew at a CAGR of 123.7% from RMB1.7 billion in 2015 to RMB43.4 billion in 2019. In the meantime, total volume of supply chain finance transactions enabled by technology solutions increased rapidly from RMB185.9 billion in 2015 to RMB4.4 trillion in 2019, representing a CAGR of 120.5%, and is expected to further grow at a CAGR of 30.2% to reach RMB16.4 trillion by 2024. Meanwhile, the penetration rate of technology solutions in the supply chain finance market is expected to increase from 9.0% in 2019 to 20.0% by 2024.

Market drivers of supply chain finance technology solution market in China

The growth of the supply chain finance technology solution market in China is primarily driven by the following factors:

- **Digital transformation of anchor enterprises and financial institutions:** Digital transformation is sweeping through business and operations of large enterprises and financial institutions. Companies across different industries are increasingly focused on their technology strategy, and strive to leverage technology to drive revenue growth and improve operational efficiency. As a result, they have significantly increasing demand for technology solutions across business lines and functions. In particular, digital transformation for supply chain finance and payment has become a key priority as it plays a vital role in maintaining the stability of supply chain for anchor enterprises and helping financial institutions stay competitive in the supply chain finance business. In particular, the outbreak of COVID-19 has caused unexpected business disruptions in 2020 for businesses across different industries. Despite the adverse impact over industry players,

the pandemic has consequently made more businesses realize the importance of a digitalized and automated system that can deliver undisrupted services during the crisis, which helps accelerate digital transformation of the supply chain finance industry.

- **Increasing needs for specialized and customized supply chain finance technology solutions**: With evolving transaction relationships and increasingly complex industrial value chains, there is a growing demand for specialized and customized supply chain finance technology solutions. Anchor enterprises seek for an integrated system that facilitates payment, financing and supply chain management in one-stop shop and provides visibility into supply chain. Financial institutions focus on digitalized and streamlined supply chain finance process and effective risk management. It requires specialization and customization to tackle the pain points and satisfy the needs of different parties in the supply chain finance ecosystem.

- **Continuous technology innovation:** New technologies are emerging and reshaping the way businesses operate. This is especially the case for the supply chain finance industry. AI technologies such as NLP have made it possible to digitalize and automate supply chain finance workflows, and blockchain and big data technologies have transformed the way of risk management with enhanced data creditability and transparency. The increasing application and market acceptance of emerging technologies is expected to continue to drive the development of supply chain finance technology solutions.

Anchor enterprises and financial institutions develop their supply chain finance technology infrastructure either through their own in-house IT teams or by engaging third-party technology solution providers. In-house development is typically a costly and lengthy process which, coupled with lack of talents and expertise in the supply chain technology space, has prompted anchor enterprises and financial institutions to increasingly adopt third-party solutions.

Competitive advantages of third-party supply chain finance technology solutions over solutions developed in-house

- **Combination of supply chain finance expertise and superior technology capabilities:** Compared with anchor enterprises and financial institutions, supply chain finance technology solution providers not only possess critical domain knowledge, but are also knowledgeable and experienced in delivering technology solutions tailored for supply chain finance. As specialists in this space, third-party technology providers are able to gather and process massive volumes of supply chain-specific data and information and accumulate experience by serving a diverse customer base, which in turn reinforces their technology expertise and capabilities.

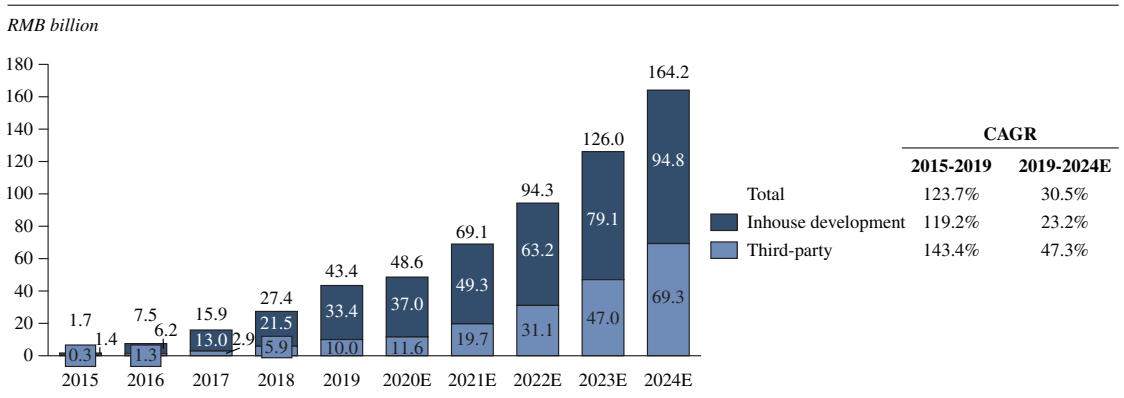
- **Continuous innovation and improvement in technology:** Many third-party supply chain finance technology solution providers are forerunners in adopting innovations and are generally better positioned than traditional players to leverage next-generation technologies to maintain their competitive edges. For example, Linklogis, a leading supply chain finance technology solution provider in China, offered the first blockchain-based solution in the supply chain finance technology solution market.

- **Efficient and cost-effective solution development and implementation:** The cost for developing and implementing in-house technology solutions for anchor enterprises and financial institutions can be significant. For instance, the upfront development and implementation cost of in-house systems for supply chain finance with AI and big data technology capabilities generally ranges from RMB30 million to RMB40 million, and there are annual ongoing costs for maintenance and upgrade which range from RMB5

million to RMB15 million. In comparison, third-party technology solutions, especially those applying transaction-based fee models and offering modularized services, are more cost-effective as they typically charge zero or limited upfront fees up to RMB5 million, based on CIC's analysis. This provides low cost of ownership and encourages adoption by their clients. In addition, it is less time consuming to implement third-party systems, which requires generally one or two months only for system testing and installation while it takes up to ten months to develop and implement in-house systems. Furthermore, some leading market players offer modularized solutions, which allow them to cater to customers' specific needs and preferences and shorten the time needed to onboard new technology solutions.

As indicated in the chart below, the total spending by anchor enterprises and financial institutions on third-party supply chain finance technology solutions in China grew rapidly from RMB0.3 billion in 2015 to RMB10.0 billion in 2019, representing a CAGR of 143.4%, and is expected to reach RMB69.3 billion by 2024, representing a CAGR of 47.3% from 2019 to 2024. Spending on third-party solutions as percentage of total spending is also expected to increase from 23.0% to 42.2% from 2019 to 2024, according to CIC.

Total spending by anchor enterprises and financial institutions on supply chain finance technology solutions, China, 2015-2024E



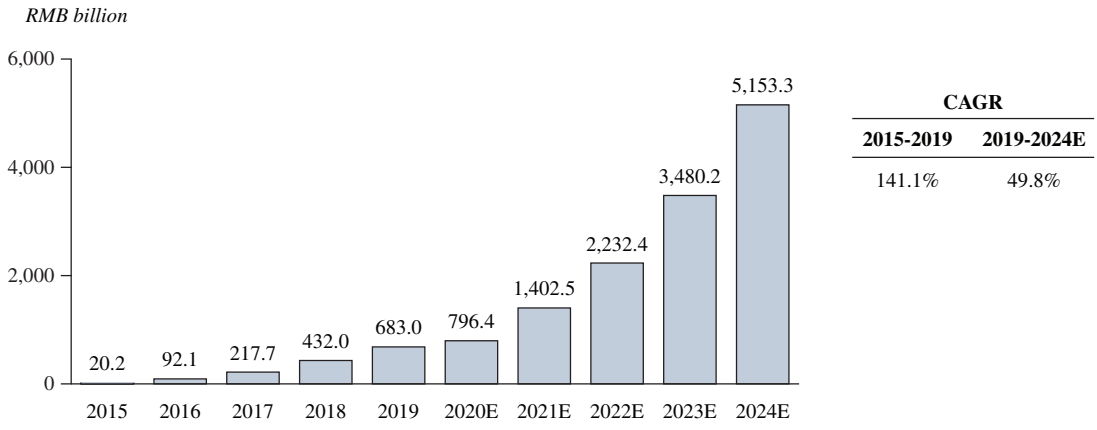
Source: CIC

Market size of third-party supply chain finance technology solutions in China

Revenues generated by third-party supply chain finance technology solutions typically consist of (i) one-time development and implementation upfront charges; and (ii) service fees based on the volume of transactions enabled by the solutions or subscription fee. The transaction-based fee model is typically more attractive to clients as it is based on tangible results and also reduces the cost of ownership of the system or platform. As a result, one of the key performance metrics for designated supply chain finance technology solutions is the supply chain finance transaction volume processed.

The following chart shows the historical and forecasted annual supply chain finance transaction volume processed by third-party technology solution providers in China for the years indicated.

Market size of third-party supply chain finance technology solutions market in terms of transaction volume, China, 2015-2024E



Source: PBOC, CBIRC, CFEC, CIC

COMPETITIVE ANALYSIS OF SUPPLY CHAIN FINANCE TECHNOLOGY SOLUTION MARKET IN CHINA

The third-party supply chain finance technology solution market in China is relatively concentrated with top five market players with a combined market share of 67.8%, as measured by supply chain finance transaction volume processed for the nine months ended September 30, 2020. Linklogis is widely considered as a leading player in this market and enabled transactions of a total volume of RMB122 billion for the nine months ended September 30, 2020, making it the largest supply chain finance technology solution provider in China by transaction volume, according to CIC.

The following table sets forth the industry ranking of supply chain finance technology solution providers in China by transaction volume for the first nine months of 2020.

Ranking	Company	Transaction volume (RMB in billions)	Market Share (%)
1	**Our Company**	**122**	**20.5**
2	Company A	117	19.6
3	Company B	94	15.7
4	Company C	42	7.0
5	Company D	30	5.0
	Subtotal	405	67.8
	Others	192	32.2
	Total	597	100.0

Source: CIC

(i) Established in 2014, Company A is a leading digital payment provider and leading digital finance platform in China. It primarily provides digital payment, digital finance technology services, and digital daily life services for consumers, merchants and financial institutions. Company A served more than one billion users and over 80 million merchants in China in 2019.

(ii) Established in 2014, Company B is a leading digital technology company affiliated to one of the largest E-commerce platforms in China. It primarily provides digital solutions for financial institutions, merchants and enterprises, governments and other customers.

(iii) Established in 2015, Company C is a fin-tech company affiliated to a large-scale anchor enterprise in China. It provides supply chain finance-related services such as financial information services and financial product development.

(iv) Established in 2013, Company D is a software service provider. It provides supply chain finance-related software services such as information system development.

The development of China's supply chain finance technology solution has been driven by continued innovation. For example, Linklogis launched ABS Cloud in 2017, which is the first fully online platform in the market that offers integrated solutions designated for supply chain asset-backed securitization. Linklogis also launched the market-first blockchain-based multi-tier accounts receivable transfer platform, Multi-tier AR Transfer Cloud, in 2017 according to CIC. Multi-tier AR Transfer Cloud is a blockchain-powered platform that creates digital payment obligation representing tier-1 suppliers' accounts receivable due from anchor enterprises that they can use to meet their own payment obligations along the supply chain or to obtain financing from financial institutions.

Key success factors of third-party supply chain finance technology solution providers in China

- **Strong brand recognition:** Large enterprises and financial institutions typically have more sophisticated demand and higher security standard for technology solutions, therefore they are more willing to cooperate with leading technology solution providers with strong brand recognition. Building brands and trust with customers requires considerable time and investments, and market leaders that have a stronger brand recognition and track record generally are able to acquire new customers more easily and cost-effectively. The trust from clients also allows them to build deep relationships with existing customers and tap into cross-sell and up-sell opportunities.

- **Advanced technology and innovation:** Technology capability sits at the very core of business development of supply chain finance technology solution providers. In response to evolving needs from different parties in the supply chain finance ecosystem, the ability to continuously develop and adopt advanced technology, promote product and service innovation and roll out new solutions is key to providing quality client services and maintaining competitive advantages.

- **Network of ecosystem partners:** The supply chain finance process typically involves participation of various parties including anchor enterprises, financial institutions, suppliers and distributors, and in the case of asset-backed securitization, it also involves professional parties such as underwriters, rating agencies, accounting firms, and law firms. As such, a strong and stable network of partners in the supply chain finance ecosystem is valuable for technology solution providers to explore business opportunities, expand product and service offering and benefit from word-of-mouth referrals and cross marketing. Market players that have a broader partner base are better positioned than their peers to develop sophisticated solutions and accumulate mass data to refine analytics capabilities, which will further translate into better business and financial performance and higher market share.

- **Talent acquisition and retention:** Given the technology-intensive nature of the business, the ability to continue attracting and retaining experienced and skilled talents has become a major competitive differentiator for supply chain finance technology solution providers.

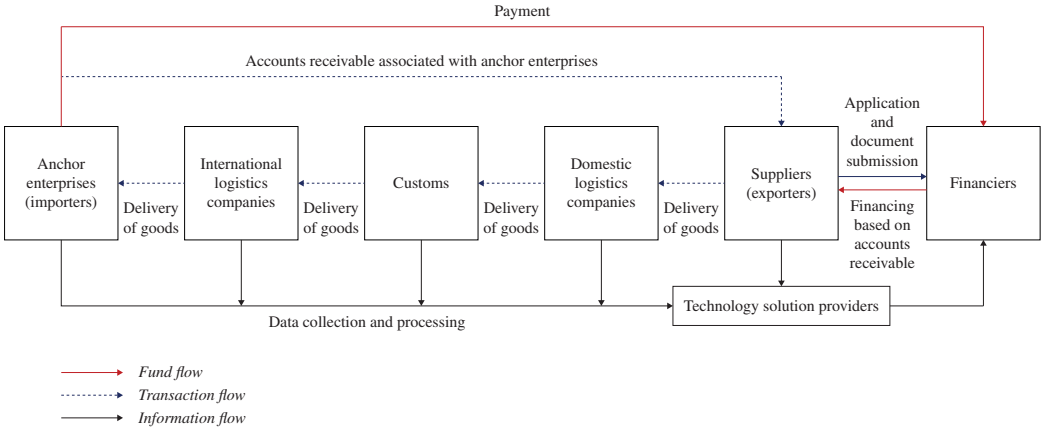
OVERVIEW OF CROSS-BORDER SUPPLY CHAIN FINANCE TECHNOLOGY SOLUTION INDUSTRY

Cross-border supply chain finance technology solutions refer to a set of finance and payment solutions powered by advanced technologies that are designed to reduce financing costs and improve business efficiency for different parties involved in cross-border trades, including importers, exporters and funding partners.

Compared to domestic trades, cross-border trades add to the complexity of supply chain finance as 1) there are more parties involved in cross-border trades including customs and logistics companies, which reduces the effectiveness and transparency of information exchange, and 2) there are many different complex transaction steps in cross-border trades, many of which are manually processed and paper based, making information verification more difficult and the whole process inefficient. According to CIC, a single supply chain finance transaction normally involves more than 20 entities, 10 to 20 paper documents and 5,000 times of data exchanges.

Given the complexity of cross-border supply chain finance transactions, technology solutions are particularly important for different stakeholders to improve operational efficiency and enhance connectivity with each other. Similar to the application of advanced technologies to domestic supply chain transactions, AI, blockchain and big data technologies can also be applied in technology solutions tailored for cross-border supply chain finance transactions. In particular, AI technologies such as OCR and NLP can help verify the relevant contracts and legal documents in a digital and intelligent way, and transform a paper-heavy process into a paperless one, significantly improving efficiency for all stakeholders. Blockchain technologies, with its ability to establish immutable and traceable records of transaction information in a real-time manner, can enhance trust among different parties and effectively mitigate fraud risks. Furthermore, big data technologies can efficiently analyze the large amount of multi-facet data from importers, exporters, logistics companies and customs, and produce reliable risk analysis to facilitate risk management for financial institutions.

The following diagram illustrates the typical process of technology-enabled cross-border supply chain finance transactions enabled by technology solutions.



The cross-border supply chain finance technology solution market is dominated by global players, who have limited presence in the Asia market. Linklogis is one of the few players in China that provide cross-border supply chain finance technology solutions and its Cross-border

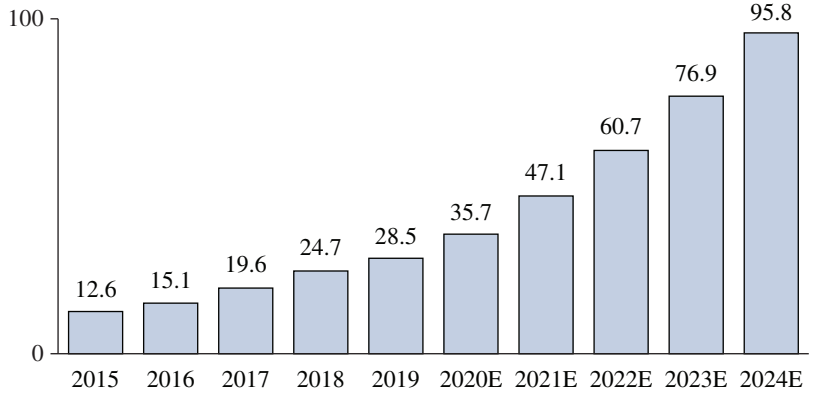
Cloud is the first blockchain-based technology solution in China designed to facilitate cross-border supply chain finance. Currently, the technology solutions provided by Linklogis are mainly serving the trades exported from Asia to Europe and North America.

Similar to the case for domestic supply chain transactions, third-party technology solutions are playing an increasingly important role in the cross-border supply chain finance technology solution market given their advantages in product and market expertise and cost and time needed for implementation. According to CIC, the total size of supply chain finance transactions relating to trades from Asia to Europe and North America enabled by third-party technology solutions has increased from US$12.6 billion in 2015 to US$28.5 billion in 2019 at a CAGR of 22.7%. Driven by increasing international trades, higher financing penetration rate and continued development of technology, the total size is expected to reach US$95.8 billion in 2024, representing a CAGR of 27.5% from 2019 to 2024. Correspondingly, the total spending by anchor enterprises and financial institutions on third-party cross-border supply chain finance technology solutions was US$0.4 billion in 2019 and is forecasted to reach approximately US$1.3 billion by 2024 at a CAGR of 25.9%, accounting for 34.9% and 44.5% of the total spending on total cross-border supply chain finance technology solutions respectively.

The following chart shows the historical and forecasted supply chain finance transaction volume from Asia to Europe and North America enabled by third-party technology solutions for the years indicated.

Supply chain finance transaction volume relating to trades from Asia to Europe and North America enabled by third-party technology solutions, 2015-2024E

US$ billion



CAGR	
2015-2019	**2019-2024E**
22.7%	27.5%

Source: UN Comtrade, CIC

OVERVIEW

Founded in February 2016, our Group is a leading technology solution provider for supply chain finance in China. Our Co-founders are Mr. Song, Mr. Ji and Ms. Chau, who have extensive experience in the finance, Internet and technology related industries. For details of biographies of our Co-founders, see the section headed "Directors and Senior Management" of this document.

KEY MILESTONES

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

Year	Milestone
2016	Established Linklogis Digital, our principal operating entity in Shenzhen, the PRC
	Established business cooperation with Tencent as our strategic investor
2017	Launched our AMS Cloud, our cloud-native centralized operating platform which is one of the earliest and largest asset management platforms in China's supply chain finance technology solution market
	Launched our Multi-tier AR Transfer Cloud, the first blockchain-based multi-tier accounts receivable transfer platform in China's supply chain finance technology solution market
	Launched our ABS Cloud, the first fully online platform in China that offers integrated management solutions for securitized products backed by supply chain asset in China's supply chain finance technology solution market
2018	Incorporated our Company, Linklogis Inc. as the holding company of our Group
	Launched our SME Credit Tech Solutions
2019	Launched our Cross-border Cloud, the first blockchain-based technology solution in China designed to facilitate cross-border supply chain financing
	Obtained the National High-tech Enterprise Certificate awarded by Shenzhen Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Branch of State Taxation Administration
2020	Launched our R&D center in Wuhan, Hubei Province to enhance and expand our R&D capabilities
	A consortium comprising our Hong Kong subsidiary, Linklogis Hong Kong, and two of our strategic partners obtained the license to operate digital wholesale bank in Singapore granted by the Monetary Authority of Singapore

OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

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

Name of Company	Place of Establishment	Principal Business Activities	Date of Establishment
Linklogis Digital	PRC	Provision of information technology services	February 5, 2016
Huanrong Lianyi Technology	PRC	Development of software and provision of information technology services	July 25, 2016
Lianjie Factoring	PRC	Participation in the provision of supply chain finance technology solutions	November 24, 2016
Linklogis Factoring	PRC	Participation in the provision of supply chain finance technology solutions	May 12, 2016
Rongda Factoring	PRC	Participation in the provision of SME credit tech solutions	August 30, 2016

MAJOR SHAREHOLDING CHANGES OF LINKLOGIS DIGITAL

During the Track Record Period, our businesses were primarily operated through Linklogis Digital.

Establishment of Linklogis Digital

Linklogis Digital was established in the PRC on February 5, 2016, with an initial registered capital of RMB8,000,000 which was held as to (i) 82.50% by Shenzhen Yalangu Investment Development Co., Ltd. (深圳亞藍谷投資發展有限公司) ("**Shenzhen Yalangu**"), a limited liability company established in the PRC which is wholly-owned by Ms. Song Ying (宋穎) ("**Ms. Song**"), the sister of Mr. Song, and (ii) 17.50% by Mr. Ji.

Shareholding Changes in June 2016

Pursuant to a share transfer agreement entered into by and among Shenzhen Yalangu, Mr. Ji and Shenzhen Jianhuilian Investment Partnership (Limited Partnership) (深圳簡慧鏈投資合夥企業(有限合夥)) (formerly known as "Shenzhen Jianhuilian Investment Management Partnership (Limited Partnership) (深圳簡慧鏈投資管理合夥企業(有限合夥)) ("**Shenzhen Jianhuilian**") dated April 5, 2016, Shenzhen Yalangu and Mr. Ji transferred their respective equity interest in Linklogis Digital to Shenzhen Jianhuilian at the aggregate consideration of RMB8 million, which was determined based on the registered capital of Linklogis Digital, on June 29, 2016. After the completion of such share transfers, Linklogis Digital became wholly-owned by Shenzhen Jianhuilian.

Shenzhen Jianhuilian is a limited partnership established in the PRC and Shenzhen Yalangu has been its general partner since its establishment. From the period since it became a shareholder of Linklogis Digital in June 2016 and immediately prior to the Reorganization, the limited partnership interest of Shenzhen Jianhuilian was held as to 80% by Shenzhen Yalangu, 12.5% by Mr. Ji and 7.5% by Mr. Jiang Xiyong (蔣希勇) ("**Mr. Jiang**"), who is a director in certain Consolidated Affiliated Entities of our Group.

Onshore Series A Financing

On June 21, 2016, Linklogis Digital entered into a capital increase agreement with, amongst others, the onshore affiliates of the Series A Investors (the "**Onshore Series A Investors**") set out forth below, pursuant to which, the Onshore Series A Investors agreed to subscribe for additional registered capital of Linklogis Digital in the amount and consideration as set forth below:

Name of Shareholder	Registered Capital	Aggregate Consideration
	(RMB)	*(RMB)*
Linzhi Lichuang Information Technology Co., Ltd. (林芝利創信息技術有限公司) *(Note 1)*	3,000,000	30,000,000
Shenzhen Benyuan Ledong Capital Management Center (Limited Partnership) (深圳市本源樂動資本管理中心(有限合夥) *(Note 2)*	2,000,000	20,000,000
CITIC Capital (Shenzhen) Information Technology Venture Investment Fund (Limited Partnership) (中信資本(深圳)信息技術創業投資基金企業(有限合夥)) *(Note 3)*	1,000,000	10,000,000
Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥)) *(Note 4)*	1,000,000	10,000,000
Xinjiang Hengheyuan Investment Co., Ltd. (新疆恆和源投資有限公司) *(Note 5)*	600,000	6,000,000
Beijing Jiayun Huayu Investment Co., Ltd. (北京嘉運華鈺投資有限公司) *(Note 6)*	600,000	6,000,000
Shenzhen Jiuming Investment Consulting Co., Ltd. (深圳市久名投資諮詢有限公司) *(Note 7)*	600,000	6,000,000
Shanghai Pudao Ruifu Investment Management Center (Limited Partnership) (上海樸道瑞富投資管理中心(有限合夥)) *(Note 8)*	200,000	2,000,000
Total	9,000,000	90,000,000

Notes:

1. Linzhi Lichuang Information Technology Co., Ltd. (林芝利創信息技術有限公司) ("**Tencent Linzhi Lichuang**") is a limited liability company established in the PRC, which is wholly-owned by Shenzhen Litong Industry Investment Fund Co., Ltd. (深圳市利通產業投資基金有限公司), a subsidiary of Tencent.

2. Shenzhen Benyuan Ledong Capital Management Center (Limited Partnership) (深圳市本源樂動資本管理中心(有限合夥) ("**CITIC Benyuan**") is a limited partnership established in the PRC and an affiliate of CITIC Capital.

3. CITIC Capital (Shenzhen) Information Technology Venture Investment Fund (Limited Partnership) (中信資本(深圳)信息技術創業投資基金企業(有限合夥)) ("**CITIC Shenzhen**") is a limited partnership established in the PRC, whose general partner is Shenzhen Xinke Fund Management Partnership (Limited Partnership) (深圳市信科基金管理合夥企業(有限合夥)), an affiliate of CITIC Capital.

4. Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥)) ("**LVC Tanying**") is a limited partnership established in the PRC, whose general partner is Shanghai Loyal Valley Investment Management Co., Ltd. (上海正心谷投資管理有限公司) ("**Shanghai LVC**"), which is in turn wholly-owned by Mr. Lin Lijun (林利軍) ("**Mr. Lin**"), a former Director of our Company who resigned in October 2020.

5. Xinjiang Hengheyuan Investment Co., Ltd. (新疆恆和源投資有限公司) ("**Xinjiang Hengheyuan**") is a limited liability company established in the PRC, which is an indirect wholly-owned subsidiary of Hang Tin New Energy Science & Technology Co., Ltd., a limited liability company incorporated in Macau.

6. Beijing Jiayun Huayu Investment Co., Ltd. (北京嘉運華鈺投資有限公司) ("**Beijing Jiayun**") is a limited liability company established in the PRC, which is owned as to approximately 92.07% by Mr. Wang Jianhua (王建華), an Independent Third Party.

7. Shenzhen Jiuming Investment Consulting Co., Ltd. (深圳市久名投資諮詢有限公司) ("**Shenzhen Jiuming**") is a limited liability company established in the PRC, which is wholly-owned by Mr. Liu Xiaolin (劉小林), an Independent Third Party.

8. Shanghai Pudao Ruifu Investment Management Center (Limited Partnership) (上海樸道瑞富投資管理中心(有限合夥)) ("**Shanghai Pudao**") is a limited partnership established in the PRC, which is ultimately controlled by Mr. Hu Xiaoqi (胡曉麒), an Independent Third Party.

Onshore Series A+ Financing and Capital Increase

On February 27, 2017, Linklogis Digital entered into a capital increase agreement with, among others, Shenzhen Yalangu and LVC Tanying as the investor (the "**Onshore Series A+ Investor**"), pursuant to which (i) LVC Tanying subscribed for additional registered capital of Linklogis Digital in an aggregate amount of RMB1,955,000 for a total consideration of RMB23,000,000, and (ii) Shenzhen Yalangu subscribed for additional registered capital of Linklogis Digital in an aggregate amount of RMB850,000 for a total consideration of RMB10 million.

In April 2017, LVC Tanying transferred RMB166,000 registered capital of Linklogis to Shanghai Qiangang Investment Management Partnership (Limited Partnership) (上海乾剛投資管理合夥企業) ("**LVC Qiangang**") at the consideration of RMB1,660,000. LVC Qiangang is a limited partnership established in the PRC, whose general partner is Shanghai LVC.

In April 2017, the then shareholders of Linklogis Digital resolved to increase its registered capital from RMB19,805,000 to RMB131 million and the additional registered capital was paid with the capital reserve of Linklogis Digital.

Onshore Series B Financing

On June 23, 2017, Linklogis Digital entered into a series B investment agreement with, among others, Linzhi Tencent Investment Management Co., Ltd. (林芝騰訊投資管理有限公司) ("**Tencent Linzhi Investment**"), CITIC Benyuan, Zhejiang Yiwu Leyun Investment Partnership (Limited Partnership) (浙江義烏樂雲投資合夥企業(有限合夥)) ("**LVC Leyun**"), Shenzhen China Merchants Venture Investment Fund Center (Limited Partnership) (深圳市招商局創新投資基金中心(有限合夥)) ("**Shenzhen China Merchants**"), Bertelsmann Management (Shanghai) Co., Ltd. (貝塔斯曼管理(上海)有限公司) ("**BAI Shanghai**") (Tencent Linzhi Investment, CITIC Benyuan, LVC Leyun, Shenzhen China Merchants and BAI Shanghai are collectively referred to as the "**Onshore Series B Investors**") and Shenzhen Yalangu, pursuant to which, (i) Tencent Linzhi Investment, CITIC Benyuan, LVC Leyun and Shenzhen Yalangu agreed to subscribe increasing registered capital of Linklogis Digital in the amount and consideration as set forth in the table below; (ii) Shenzhen China Merchants agreed to provide Linklogis Digital a convertible loan of RMB30,000,000 (the "**Series B China Merchants Convertible Loan**"); and (iii) BAI Shanghai agreed to provide Linklogis Digital a convertible loan of RMB20,000,000 (the "**Series B BAI Convertible Loan**").

Name of Shareholder	Registered Capital	Aggregate Consideration
	(RMB)	*(RMB)*
Tencent Linzhi Investment *(Note 1)*	10,402,610	39,704,620
CITIC Benyuan	6,550,000	25,000,000
LVC Leyun *(Note 2)*	6,550,000	25,000,000
Shenzhen Yalangu	3,917,102	14,950,770
Total	27,419,712	104,655,390

Notes:

1. Tencent Linzhi Investment is a limited liability company established in the PRC, a subsidiary of Tencent.

2. LVC Leyun is a limited partnership established in the PRC, whose general partner is Shanghai LVC. LVC Leyun is an affiliate of LVC Tanying and LVC Qiangang.

Pursuant to a series of share transfer agreements entered into by (i) Tencent Linzhi Investment with each of Xinjiang Hengheyuan and Shenzhen Jiuming, and by (ii) Shenzhen Yalangu with Shanghai Pudao on June 28, 2017, (a) Xinjiang Hengheyuan transferred 3.0295% equity interest in Linklogis Digital to Tencent Linzhi Investment prior to the completion of the onshore series B financing at the consideration of RMB15,147,690; (b) Shenzhen Jiuming transferred 3.0295% equity interest in Linklogis Digital to Tencent Linzhi Investment prior to the completion of the onshore series B financing at the consideration of RMB15,147,690; and (c) Shanghai Pudao transferred 1.0098% equity interest in Linklogis Digital to Shenzhen Yalangu at the consideration of RMB5,049,230. After the completion of such transfers, Xinjiang Hengheyuan, Shenzhen Jiuming and Shanghai Pudao ceased to be shareholders of Linklogis Digital.

Capital Increase in August 2017

On August 14, 2017, the then shareholders of Linklogis Digital resolved to increase its registered capital from RMB158,419,712 to RMB235,655,390 and the additional registered capital was paid with the capital reserve of Linklogis Digital.

Shareholding Changes in March 2018

Pursuant to a share transfer agreement entered into by and between CITIC Shenzhen and CITIC Benyuan on March 23, 2018, CITIC Shenzhen transferred 4.1753% equity interest in Linklogis Digital to CITIC Benyuan at the consideration of RMB20,196,941.20.

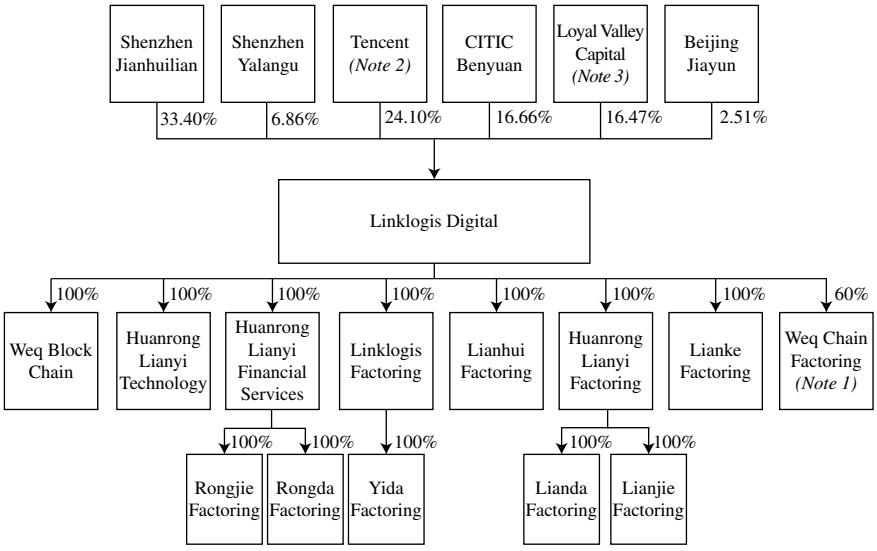
Upon completion of the onshore financings and a number of share transfers amongst shareholders of Linklogis Digital described above and immediately prior to the Reorganization, Linklogis Digital was held in the following manner:

Name of Shareholder	Registered Capital	Shareholding Percentage
	(RMB)	
Shenzhen Jianhuilian	78,714,474	33.4023%
CITIC Benyuan	39,261,303	16.6605%
Tencent Linzhi Lichuang	29,517,928	12.5259%
Tencent Linzhi Investment	27,281,452	11.5768%
LVC Tanying	27,441,832	11.6449%
LVC Leyun	9,743,375	4.1346%
LVC Qiangang	1,633,325	0.6931%
Shenzhen Yalangu	16,158,115	6.8567%
Beijing Jiayun	5,903,586	2.5052%
Total	**235,655,390**	**100%**

REORGANIZATION OF OUR GROUP

Corporate Structure prior to the Reorganization

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



Notes:

1. Weq Chain Factoring is held as to 60% by Linklogis Digital, 20% by CITIC Benyuan, and 20% by Tencent Technology (Shanghai) Co., Ltd. (騰訊科技(上海)有限公司), a subsidiary of Tencent.

2. Tencent includes (i) Tencent Linzhi Lichuang, holding 12.5259% equity interest in Linklogis Digital, and (ii) Tencent Linzhi Investment, holding 11.5768% equity interest in Linklogis Digital, immediately prior to the Reorganization.

3. Loyal Valley Capital includes (i) LVC Tanying, holding 11.6449% equity interest in Linklogis Digital, (ii) LVC Leyun, holding 4.1346% equity interest in Linklogis Digital, and (iii) LVC Qiangang, holding 0.6931% equity interest in Linklogis Digital, immediately prior to the Reorganization.

In preparation for the [**REDACTED**], we underwent the following Reorganization:

Incorporation of Our Company

On March 13, 2018 and as part of the Reorganization, our Company was incorporated in the Cayman Islands as an exempted company with limited liability and the ultimate holding company of our Group. Upon incorporation, our Company had an authorized share capital of US$50,000.00 divided into 500,000,000 shares with a par value of US$0.0001 each.

On the date of incorporation, one share was allotted and issued nil paid to the initial subscriber and was subsequently transferred to Joy Kalton Company Limited ("**Joy Kalton**"), a business company incorporated in the BVI and wholly-owned by Mr. Ji.

Incorporation of Linklogis Hong Kong

On April 6, 2018, Linklogis Hong Kong was incorporated as a limited liability company in Hong Kong as a direct wholly-owned subsidiary of our Company.

Establishment of Linklogis Supply Chain Services

On July 24, 2018, Linklogis Supply Chain Services was established as a limited liability company in Shenzhen, the PRC as a direct wholly-owned subsidiary of Linklogis Hong Kong and therefore an indirect wholly-owned subsidiary of our Company.

Offshore Shareholding Restructuring

To reflect the onshore shareholding structure of Linklogis Digital, from March 2018 to October 2018, our Company allotted and issued (i) a total of 51,735,713 ordinary shares to the offshore holding companies that are ultimately owned by Mr. Song, Mr. Ji, Ms. Chau and Mr. Jiang, Shirazvic Company Limited ("**Shirazvic**") and the Equity Incentive Holdco (as defined below); (ii) a total of 29,308,600 Series A Preferred Shares to the Series A Investors, who are affiliates of the Onshore Series A Investors; (iii) 7,539,300 Series A+ Preferred Shares to the Seris A+ Investor, who is an affiliate of the Onshore Series A+ Investor; and (iv) a total of 25,967,900 Series B Preferred Shares to the Series B Investors, who are affiliates of the Onshore Series B Investors, among which 3,055,000 and 4,582,600 Series B Preferred Shares were issued to BAI GmbH ("**BAI**") (an offshore affiliate of BAI Shanghai) and China Merchants Venture Capital Fund, L.P. (招商局創新投資基金有限合夥企業) ("**China Merchants Venture**") (an offshore affiliate of Shenzhen China Merchants) and the Series B BAI Convertible Loan and Series B China Merchants Convertible Loan were also fully repaid.

Upon completion of the reorganization steps described above, the shareholding structure of our Company is set out as follows:

Name of Shareholder	Class of Share	Number of Shares	Approximate Shareholding Percentage in Our Company after the Allotment
Cabnetvic *(Note 1)*	Class A Ordinary Shares	18,896,400	16.4960%
Cabnetwa *(Note 1)*	Class B Ordinary Shares	3,055,000	2.6669%
Cabnetsa *(Note 1)*	Class A+ Ordinary Shares	1,802,800	1.5738%

Name of Shareholder	Class of Share	Number of Shares	Approximate Shareholding Percentage in Our Company after the Allotment
Joy Kalton	Class A Ordinary Shares	3,856,400	3.3665%
Let It Bee Company Limited *(Note 2)*	Class A+ Ordinary Shares	1,475,100	1.2877%
Xylo Yonder Company Limited *(Note 3)*	Class A Ordinary Shares	1,542,600	1.3466%
Shirazvic Company Limited *(Note 4)*	Class A Ordinary Shares	6,555,900	5.7231%
Carltonvic Company Limited *(Note 5)*	Class B Ordinary Shares	14,551,513	12.7030%
Tencent Mobility Limited *(Note 6)*	Series A Preferred Shares	11,569,200	10.0996%
	Series B Preferred Shares	10,692,700	9.3344%
CCRE Investment Holdings Ltd. *(Note 7)*	Series A Preferred Shares	11,569,200	10.0996%
	Series B Preferred Shares	3,818,800	3.3337%
Qian Linklogis Limited *(Note 8)*	Series A Preferred Shares	640,200	0.5589%
Le Linklogis Limited *(Note 9)*	Series B Preferred Shares	3,818,800	3.3337%
Tan Linklogis Limited *(Note 10)*	Series A Preferred Shares	3,216,200	2.8076%
	Series A+ Preferred Shares	7,539,300	6.5816%
Zhong Hang Investment Management Limited *(Note 11)*	Series A Preferred Shares	2,313,800	2.0199%
BAI *(Note 12)*	Series B Preferred Shares	3,055,000	2.6669%
China Merchants Venture Capital Fund, L.P. (招商局創新投資基金有限合夥企業) *(Note 13)*	Series B Preferred Shares	4,582,600	4.0005%
Total		**114,551,513**	**100.00%**

Notes:

1. Each of Cabnetvic, Cabnetwa and Cabnetsa is a business company incorporated in the BVI and wholly-owned by Mr. Song.

2. Let It Bee Company Limited ("**Let it Bee**") is a business company incorporated in the BVI and wholly-owned by Ms. Chau.

3. Xylo Yonder Company Limited ("**Xylo Yonder**") is a business company incorporated in the BVI and wholly-owned by Mr. Jiang, a director of certain Consolidated Affiliated Entities of our Group.

4. Shirazvic is a business company incorporated in the BVI and a shareholding platform beneficially owned by Mr. Song, Mr. Ji and Ms. Chau, our executive Directors and Co-founders, Mr. Zhong Songran (鐘松然), our Chief Technology Officer and other 10 employees who have made contributions to the establishment and development of our Group. Except Mr. Song, Mr. Ji, Ms. Chau and Mr. Zhong, all the other ultimate beneficial owners of Shirazvic are not directors or senior management of our Company. As of the Latest Practicable Date, Shirazvic was owned as to (i) approximately 35.30% by Ms. Chau through Let It Bee; (ii) approximately 15.19% by Mr. Zhong through Soley Raven Company Limited, a business company incorporated in the BVI which is wholly-owned by Mr. Zhong; (iii) approximately 10.40% by Mr. Song; (iv) approximately 0.91% by Mr. Ji through Joy Kalton.

5. Carltonvic Company Limited (the "**Equity Incentive Holdco**") is a business company incorporated in the BVI and a special purpose vehicle wholly-owned by Trident Trust Company (HK) Limited, which is the trustee of LLS Trust, established for the purpose of holding Class B Shares pursuant to the Equity Incentive Plan.

6. Tencent Mobility Limited ("**Tencent Mobility**") is a limited liability company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Tencent.

7. CCRE Investment Holdings Ltd. ("**CCRE Investment**") is an exempted company with limited liability incorporated in the Cayman Islands and a wholly-owned subsidiary of CITIC Capital.

8. Qian Linklogis Limited ("**LVC Qian**") is a business company incorporated in the BVI and wholly-owned by Shanghai Rongmian Information Technology Partnership (Limited Partnership) (上海融勉信息技術合夥企業(有限合夥) ("**Shanghai Rongmian**"), a limited partnership established in the PRC whose general partner is Shanghai LVC.

9. Le Linklogis Limited ("**LVC Le**") is a business company incorporated in the BVI and wholly-owned by Shanghai Rongmian.

10. Tan Linklogis Limited ("**LVC Tan**") is a business company incorporated in the BVI and wholly-owned by Shanghai Rongmian.

11. Zhong Hang Investment Management Limited ("**Zhong Hang Investment**") is a business company incorporated in the BVI and ultimately beneficially owned by Mr. Wang Jianhua (王建華), an Independent Third Party.

12. BAI is a company incorporated under the laws of Germany, whose beneficial owner is Bertelsmann SE & Co. KGaA (貝塔斯曼) ("**Bertelsmann**").

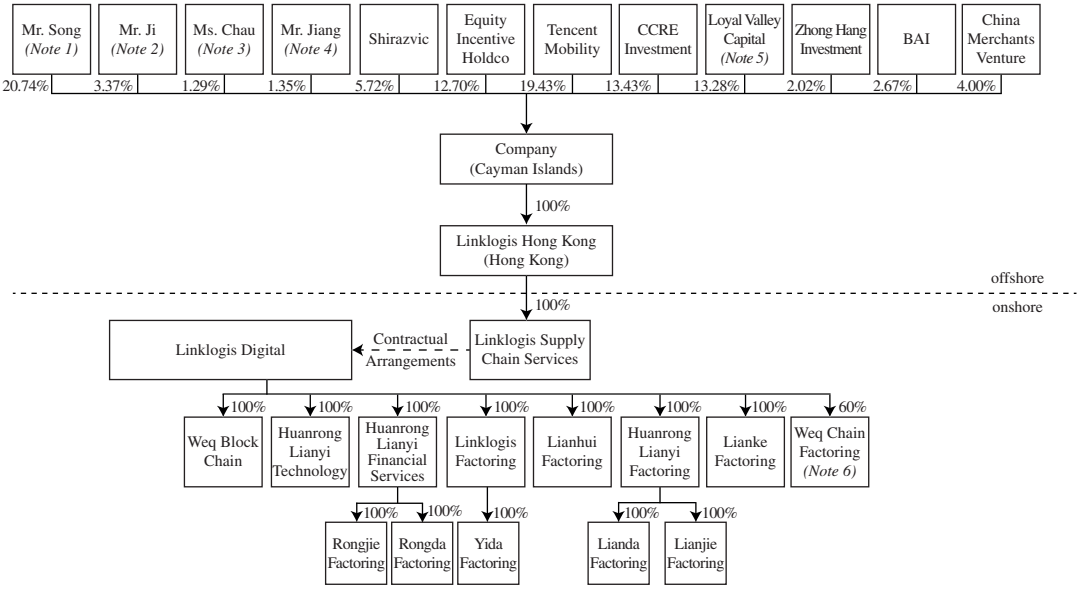
13. China Merchants Venture is a limited partnership established in the Cayman Islands, which is ultimately controlled by China Merchants Group Co., Ltd. (招商局集團有限公司).

Contractual Arrangements

On October 9, 2018, Linklogis Supply Chain Services entered into the Contractual Arrangements with Linklogis Digital, the Relevant Shareholders and the Other Parties (as defined in the section headed "Contractual Arrangements" of this document), which were subsequently restated and amended on November 9, 2020. Through the Contractual Arrangements, Linklogis Supply Chain Services is able to exercise control over the operations of, and enjoy 100% of the economic benefits of Linklogis Digital and its subsidiaries. See the sections headed "Contractual Arrangements" and "Connected Transactions" of this document for details of the Contractual Arrangements.

Corporate Structure after the Reorganization

The following chart sets forth our Group's simplified corporate and shareholding structure immediately following completion of the Reorganization:



Notes

1. Mr. Song held the shares of our Company through Cabnetvic, Cabnetwa and Cabnetsa, each of which is a business company incorporated in the BVI and wholly-owned by Mr. Song.

2. Mr. Ji held the shares of our Company through Joy Kalton, a business company incorporated in the BVI, which is wholly-owned by Mr. Ji.

3. Ms. Chau held the shares of our Company through Let It Bee, a business company incorporated in the BVI, which is wholly-owned by Ms. Chau.

4. Mr. Jiang held the shares of our Company through Xylo Yonder, a business company incorporated in the BVI, which is wholly-owned by Mr. Jiang.

5. Loyal Valley Capital held the shares of our Company through LVC Le, LVC Tan and LVC Qian.

6. Weq Chain Factoring is held as to 60% by Linklogis Digital, 20% by CITIC Benyuan, and 20% by Tencent Technology (Shanghai) Co., Ltd. (騰訊科技(上海)有限公司), a subsidiary of Tencent.

OFFSHORE FINANCING AFTER THE REORGANIZATION

Series C Financing

On October 2, 2018, our Company entered into a series C share and warrant purchase agreement (the "**Series C Share and Warrant Purchase Agreement**") with, among others, the Series C Investors as set out in the below table and Cabnetnt, a business company incorporated in the BVI and wholly-owned by Mr. Song, pursuant to which, the Series C Investors and Cabnetnt agreed to purchase and our Company agreed to issue and allot to the Series C Investors and Cabnetnt, the number of Series C Preferred Shares set forth in the below table at the purchase price of US$7.2020 per share:

Name of Investor	Number of Series C Preferred Shares	Aggregate Consideration *(US$)*
OWAP INVESTMENT PTE LTD *(Note 1)*	13,885,032	100,000,000
Tencent Mobility	4,165,510	30,000,000
Double Combo Holding Limited *(Note 2)*	2,082,755	15,000,000
LLS Holding Limited *(Note 3)*	2,777,006	20,000,000
Loyal Valley Capital Advantage Fund LP *(Note 4)*	2,364,130	17,026,466
Golden Valley Global Limited *(Note 5)*	412,876	2,973,534
BAI	1,388,503 *(Note 6)*	10,000,000 *(Note 6)*
GLP China Capital Investment 1 Limited *(Note 7)*	1,388,503	10,000,000
Oceanwide Elite Limited Partnership *(Note 8)*	694,252	5,000,000
Welight Capital L.P. *(Note 9)*	694,252	5,000,000
Shenzhen Nanshan Skyworth Industry of Information Technology Venture Capital Fund (Limited Partnership) (深圳南山創維信息技術產業創業投資基金(有限合夥)) *(Note 10)*	694,252 *(Note 11)*	5,000,000
Cabnetnt *(Note 12)*	416,551	3,000,000
Total	**30,963,622**	**223,000,000**

Notes:

1. OWAP Investment Pte Ltd ("**GIC SPV**") is a limited liability company incorporated under the laws of Singapore. GIC SPV is wholly-owned by GIC (Ventures) Pte. Ltd, and managed by GIC Special Investments Pte Ltd, which is in turn wholly-owned by GIC Private Limited ("**GIC**").

2. Double Combo Holding Limited ("**Double Combo**") is a limited liability company incorporated in the Cayman Islands and ultimately beneficially owned by TPP Follow-on Fund I, LP, whose general partner is TPP Follow-on GP I, Ltd, which is in turn ultimately beneficially owned by Tencent.

3. LLS Holding Limited ("**LLS Holding**") is a limited liability company incorporated in the Cayman Islands and ultimately controlled by CITIC Capital.

4. Loyal Valley Capital Advantage Fund LP ("**LVC LP**") is a limited partnership established in the Cayman Islands and ultimately controlled by Mr. Lin.

5. Golden Valley Global Limited ("**Golden Valley**") is a business company incorporated in the BVI and ultimately controlled by Mr. Lin.

6. The 1,388,503 Series C Preferred Shares were issued to BAI upon conversion of a convertible promissory note dated April 27, 2018 issued by our Company to BAI with a principal amount of US$10,000,000.

7. GLP China Capital Investment 1 Limited ("**GLP**") is an exempted company incorporated in the Cayman Islands with limited liability and ultimately beneficially owned by GLP Pte. Ltd. (普洛斯).

8. Oceanwide Elite Limited Partnership ("**Oceanwide**") is a limited partnership established in the Cayman Islands, whose general partner is Oceanwide Galaxy Limited, which is in turn ultimately beneficially owned by Oceanwide Investment Group Co., LTD.

9. Welight Capital L.P. ("**Welight Capital**") is a limited partnership established in the Cayman Islands, whose general partner is Welight Capital Management Limited, an exempt company incorporated in the Cayman Islands, which is in turn ultimately controlled by Mr. Wu Xiaoguang (吳宵光), an Independent Third Party.

10. Shenzhen Nanshan Skyworth Industry of Information Technology Venture Capital Fund (Limited Partnership) (深圳南山創維信息技術產業創業投資基金(有限合夥)) ("**Shenzhen Skyworth**") is a limited partnership established in the PRC and ultimately controlled by Skyworth TV Holdings Limited, a subsidiary of Skyworth Group Limited (stock code: 751), a company whose shares are listed on the Stock Exchange.

11. According to the Series C Share and Warrant Purchase Agreement, our Company issued to Shenzhen Skyworth a warrant to purchase 694,252 Series C Preferred Shares at a purchase price of US$7.2020 per share and our Company issued 694,252 Series C Preferred Shares to Shenzhen Skyworth in January 2019 upon exercise of the warrant.

12. Cabnetnt is a business company incorporated in the BVI and wholly-owned by Mr. Song.

Series C1 Financing

On December 31, 2019, our Company entered into a series C1 share purchase agreement (the "**Series C1 Share Purchase Agreement**") with, among others, Standard Chartered Bank (Hong Kong) Limited (the "**Series C1 Investor**" or "**Standard Chartered Bank**"), pursuant to which, the Series C1 Investor agreed to purchase and our Company agreed to issue and allot to the Series C1 Investor, 5,444,444 Series C1 Preferred Shares at the purchase price of US$10.102 per share for an aggregate consideration of US$54,999,773.288.

CAPITALIZATION OF OUR COMPANY

The following table sets out the shareholding structure of our Company as of the Latest Practicable Date and immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised[(1)]:

Shareholder[(2)]	Class A Ordinary shares	Class A+ Ordinary shares	Class B Ordinary shares	Series A Preferred Shares	Series A+ Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series C1 Preferred Shares	Shares as of the Latest Practicable Date	Shareholding Percentage in our Company as of the Latest Practicable Date[(3)]	Voting rights percentage in our Company as of the Latest Practicable Date	Shareholding Percentage in our Company upon completion of the [REDACTED]	Voting rights percentage in our Company upon completion of the [REDACTED]
Mr. Song													
Cabnetvic	[18,896,400]	-	-	-	-	-	-	-	[18,896,400]	12.52%	53.10%	[REDACTED]%	[REDACTED]%
Cabnetwa	-	-	[2,065,097]	-	-	-	-	-	[2,065,097]	1.37%	5.80%	[REDACTED]%	[REDACTED]%
Cabnetsa	-	[1,802,800]	-	-	-	-	-	-	[1,802,800]	1.19%	5.07%	[REDACTED]%	[[REDACTED]%
Cabnetnt	-	-	-	-	-	-	[416,551]	-	[416,551]	0.28%	0.12%	[REDACTED]%	[REDACTED]%
Mr. Ji													
Joy Kalton	[3,856,400]	-	-	-	-	-	-	-	[3,856,400]	2.55%	1.08%	[REDACTED]%	[REDACTED]%
Mr. Jiang													
Xylo Yonder	[1,542,600]	-	-	-	-	-	-	-	[1,542,600]	1.02%	0.43%	[REDACTED]%	[REDACTED]%
Ms. Chau													
Let It Bee	-	[1,475,100]	-	-	-	-	-	-	[1,475,100]	0.98%	0.41%	[REDACTED]%	[REDACTED]%
Shirazvic	[6,555,900]	-	-	-	-	-	-	-	[6,555,900]	4.34%	1.84%	[REDACTED]%	[REDACTED]%
Equity Incentive Holdco	-	-	[14,551,513]	-	-	-	-	-	[14,551,513]	9.64%	4.09%	[REDACTED]%	[REDACTED]%
Tencent													
Tencent Mobility	-	-	-	[11,569,200]	-	[10,692,700]	[4,165,510]	-	[26,427,410]	17.51%	7.43%	[REDACTED]%	[REDACTED]%
Double Combo	-	-	-	-	-	-	[2,082,755]	-	[2,082,755]	1.38%	0.59%	[REDACTED]%	[REDACTED]%
CITIC Capital													
CCRE Investment	-	-	-	[11,569,200]	-	[3,818,800]	-	-	[15,388,000]	10.19%	4.32%	[REDACTED]%	[REDACTED]%
LLS Holding	-	-	-	-	-	-	[2,777,006]	-	[2,777,006]	1.84%	0.78%	[REDACTED]%	[REDACTED]%
GIC SPV	-	-	-	-	-	-	[13,885,032]	-	[13,885,032]	9.20%	3.90%	[REDACTED]%	[REDACTED]%
Loyal Valley Capital													
LVC Tan	-	-	-	[3,216,200]	[7,539,300]	-	[412,876]	-	[11,168,376]	7.40%	3.14%	[REDACTED]%	[REDACTED]%
LVC Le	-	-	-	-	-	[3,818,800]	-	-	[3,818,800]	2.53%	1.07%	[REDACTED]%	[REDACTED]%
LVC LP	-	-	-	-	-	-	[2,364,130]	-	[2,364,130]	1.57%	0.66%	[REDACTED]%	[REDACTED]%
LVC Qian	-	-	-	[640,200]	-	-	-	-	[640,200]	0.42%	0.18%	[REDACTED]%	[REDACTED]%
Standard Chartered Bank	-	-	-	-	-	-	-	[5,444,444]	[5,444,444]	3.61%	1.53%	[REDACTED]%	[REDACTED]%

Shareholder[2]	Class A Ordinary shares	Class A+ Ordinary shares	Class B Ordinary shares	Series A Preferred Shares	Series A+ Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series C1 Preferred Shares	Shares as of the Latest Practicable Date	Shareholding Percentage in our Company as of the Latest Practicable Date[3]	Voting rights percentage in our Company as of the Latest Practicable Date	Shareholding Percentage in our Company upon completion of the [REDACTED]	Voting rights percentage in our Company upon completion of the [REDACTED]
BAI	-	-	[989,903]	-	-	[3,055,000]	[1,388,503]	-	[5,433,406]	3.60%	1.53%	[REDACTED]%	[REDACTED]%
China Merchants Venture	-	-	-	-	-	[4,582,600]	-	-	[4,582,600]	3.04%	1.29%	[REDACTED]%	[REDACTED]%
Zhong Hang Investment	-	-	-	[2,313,800]	-	-	-	-	[2,313,800]	1.53%	0.65%	[REDACTED]%	[REDACTED]%
GLP	-	-	-	-	-	-	[1,388,503]	-	[1,388,503]	0.92%	0.39%	[REDACTED]%	[REDACTED]%
Oceanwide	-	-	-	-	-	-	[694,252]	-	[694,252]	0.46%	0.20%	[REDACTED]%	[REDACTED]%
Welight Capital	-	-	-	-	-	-	[694,252]	-	[694,252]	0.46%	0.20%	[REDACTED]%	[REDACTED]%
Shenzhen Skyworth	-	-	-	-	-	-	[694,252]	-	[694,252]	0.46%	0.20%	[REDACTED]%	[REDACTED]%
[REDACTED] taking part in the [REDACTED]	-	-	-	-	-	-	-	-	-	-	-	[REDACTED]%	[REDACTED]%
Total											100%	100%	100%

Notes:

1. Our Company has adopted a WVR structure and will continue to have the WVR structure upon completion of the [**REDACTED**] through two classes of Shares, Class A Shares and Class B Shares. Each Class A Share entitles the holder thereof to exercise 10 votes per share and each Class B Shares entitles the holder thereof to one vote per share, on any resolution tabled at our Company's general meetings, except for resolutions with respect to a limited number of reserved matters, in relation to which each Share is entitled to one vote. In all respects Class A Shares and Class B Shares rank *pari passu*. Each ordinary share held by Joy Kalton, Xylo Yonder, Let It Bee, Shirazvic, Equity Incentive Holdco and BAI and each Preferred Share will automatically convert into one Class B Share upon completion of the [**REDACTED**].

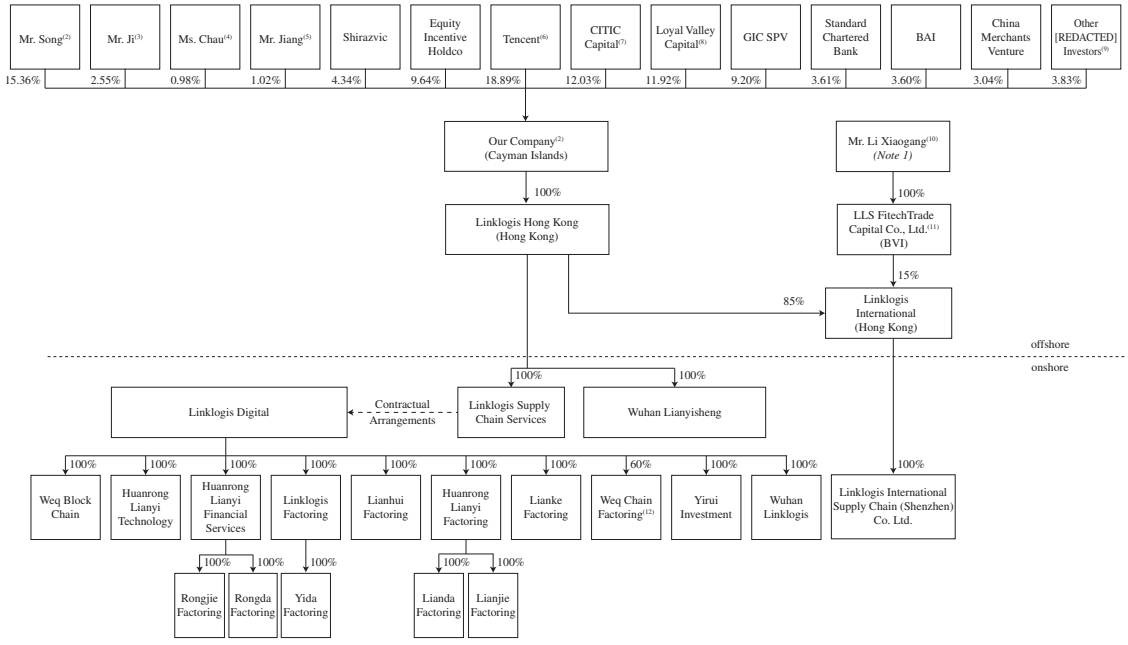
2. For further details about each Shareholders, please see the sub-sections headed "Reorganization of our Group" and "Offshore Financing after the Reorganization" in this section above.

3. Based on the assumption that each of the Preferred Shares will be converted into one Class B Share upon completion of the [**REDACTED**].

CORPORATE AND SHAREHOLDING STRUCTURE

Corporate Structure before the [REDACTED]

The following diagram illustrates our simplified corporate and shareholding structure immediately prior to the completion of the [**REDACTED**]:



Notes:

1. Our Company has adopted a WVR structure and will continue to have the WVR structure upon the completion of the [**REDACTED**]. For further details, please refer to the section headed "Share Capital — Weighted Voting Rights Structure" of this document.

2. Mr. Song holds the shares of our Company through Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt, each of which is a business company incorporated in the BVI and wholly-owned by Mr. Song.

3. Mr. Ji holds the shares of our Company through Joy Kalton, a business company incorporated in the BVI, which is wholly-owned by Mr. Ji.

4. Ms. Chau holds the shares of our Company through Let It Bee, a business company incorporated in the BVI, which is wholly-owned by Ms. Chau.

5. Mr. Jiang holds the shares of our Company through Xylo Yonder, a business company incorporated in the BVI, which is wholly-owned by Mr. Jiang.

6. Tencent holds the shares of our Company through Tencent Mobility and Double Combo. For further details, please refer to the sub-section headed "[**REDACTED**] Investments — Information about the [**REDACTED**] Investors — Tencent" in this section below.

7. CITIC Capital holds the shares of our Company through CCRE Investment and LLS Holding. For further details, please refer to the sub-section headed "[**REDACTED**] Investments — Information about the [**REDACTED**] Investors — CITIC Capital" in this section below.

8. Loyal Valley Capital holds the shares of our Company through LVC LP, LVC Le, LVC Tan and LVC Qian. For further details, please refer to the sub-section headed "[**REDACTED**] Investments — Information about the [**REDACTED**] Investors — Loyal Valley Capital" in this section below.

9. Other [**REDACTED**] Investors include GLP, Oceanwide, Shenzhen Skyworth, Welight Capital and Zhong Hang Investment. For further details, please refer to the sub-section headed "[**REDACTED**] Investments — Information about the [**REDACTED**] Investors" in this section below.

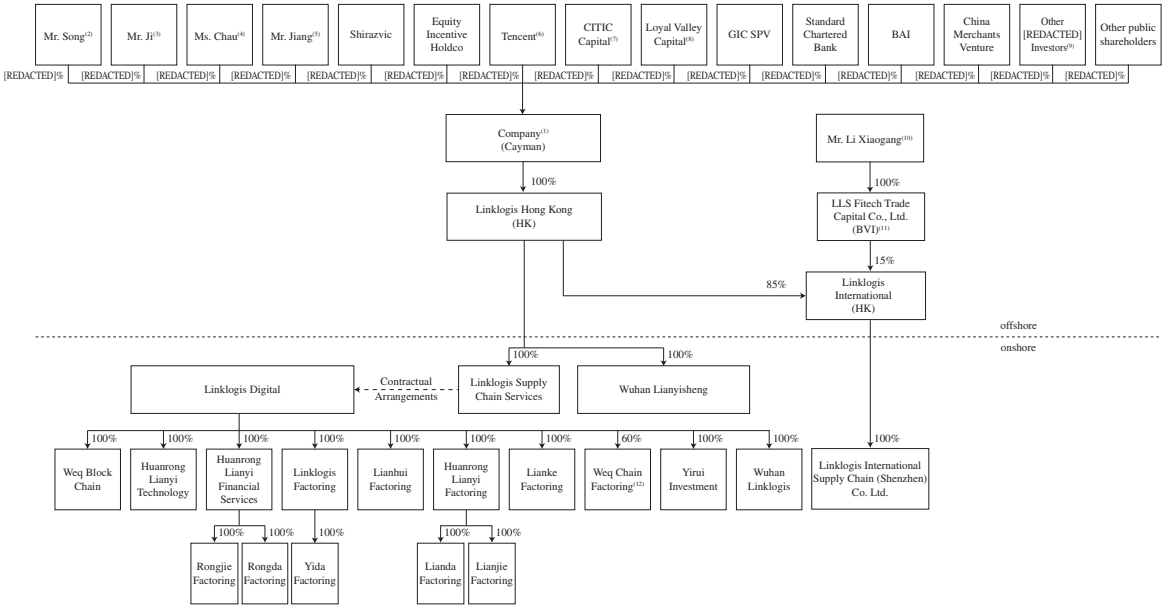
10. Mr. Li Xiaogang (李小剛) is the Vice President of our Company.

11. LLS Fitech Trade Capital Co., Ltd. is a business company incorporated in the BVI and wholly-owned by Mr. Li Xiaogang.

12. From its establishment and up to the Latest Practicable Date, Weq Chain Factoring had been held as to (i) 60% by Linklogis Digital; (ii) 20% by CITIC Benyuan; and (iii) 20% by Tencent Technology (Shanghai) Company Limited (騰訊科技(上海)有限公司), a subsidiary of Tencent.

Corporate Structure Immediately Following the [REDACTED]

The following diagram illustrates the simplified corporate and shareholding structure of our Group immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Notes (1) to (12): Please refer to the diagram contained under the sub-section headed "Corporate Structure before the [**REDACTED**]" in this section above.

[REDACTED] INVESTMENTS

Overview

We have received five rounds of investment from our [**REDACTED**] Investors since the establishment of our Group, which are summarized below:

	Series A financing	Series A+ financing	Series B financing	Series C financing	Series C1 financing
Date of initial share purchase agreement	June 21, 2016	February 27, 2017	June 23, 2017	October 2, 2018	December 31, 2019
Date on which investment was fully settled	August 4, 2016	March 21, 2017	October 26, 2018	November 12, 2020	January 9, 2020
Total number of shares subscribed	29,308,600 Series A Preferred Shares	7,539,300 Series A+ Preferred Shares	25,967,900 Series B Preferred Shares	30,547,071 Series C Preferred Shares	5,444,444 Series C1 Preferred Shares
Funds raised by our Group from the [**REDACTED**] *Investors*	RMB90,000,000	RMB23,000,000[(1)]	RMB139,704,620[(1)]	US$220,000,000[(2)]	US$54,999,773.29
Cost per share	RMB3.0708 (equivalent to HK$3.6340)	RMB3.0507 (equivalent to HK$3.6162)	RMB5.3799 (equivalent to HK$6.3770)	US$7.2020 (equivalent to HK$55.8340)	US$10.1020 (equivalent to HK$78.3248)
Discount to the [**REDACTED**][(3)]	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%

Notes:

1. This does not include the investment made by Shenzhen Yalangu, a limited liability company established in the PRC and wholly-owned by Ms. Song.

2. This does not include the investment made by Cabnetnt, a business company incorporated in the BVI and wholly-owned by Mr. Song.

3. The discount to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**], being the midpoint of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**].

Principal Terms of the [REDACTED] Investments

Basis of determination of the consideration:	The respective consideration of the investments by the [**REDACTED**] Investors was determined based on arm's-length negotiations between us, our then registered Shareholders and the relevant [**REDACTED**] Investors after taking into account the timing of such investment, our then valuation when the respective investment agreements were entered into and the then respective business operations and financial performance of our Group.
Lock-Up Period:	Each [**REDACTED**] Investor agrees, if so required by the [**REDACTED**], that it will not during the period commencing on the date of this document and ending on the date specified by our Company and the [**REDACTED**] (such period not to exceed one hundred eighty (180) days from the date of this document) (i) lend, offer, pledge, hypothecate, hedge, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any equity securities of our Company (other than those included in such offering) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the equity securities of our Company, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of equity securities of our Company or such other securities, in cash or otherwise. All the [**REDACTED**] Investors that are sophisticated investors will retain at least an aggregate of 50% of their investment at the time of [**REDACTED**] for a period of at least six months following the [**REDACTED**], in accordance with the Stock Exchange's Guidance Letter HKEX-GL93-18.
Use of proceeds from the [REDACTED] investments:	We utilized the proceeds from the investments by the [**REDACTED**] Investors for business expansion and related capital expenditure and as working capital of our Group. As at the Latest Practicable Date, a majority of the proceeds from the [**REDACTED**] Investments had been utilized.
Strategic benefits the [REDACTED] Investors brought to our Company:	At the respective time of the [**REDACTED**] Investments by the [**REDACTED**] Investors, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the [**REDACTED**] Investments in our Company and the [**REDACTED**] Investors' knowledge and experience.

Special Rights of the [REDACTED] Investors

The [**REDACTED**] Investors have been granted special rights under relevant investment agreements, such as information and inspection rights, rights to elect directors or observers on the board, rights of refusal, preemptive rights and redemption rights. The relevant redemption

rights were terminated immediately prior to the first submission of the [**REDACTED**] and the other relevant documents by our Company to the Stock Exchange for the purpose of the [**REDACTED**]. All the other special rights shall be automatically terminated upon the completion of the [**REDACTED**].

Public Float

As none of the [**REDACTED**] Investors will be a substantial shareholder of our Company upon [**REDACTED**], all the Shares held by the [**REDACTED**] Investors mentioned above will constitute part of the public float for the purpose of Rule 8.08 of the Listing Rules.

Compliance with Interim Guidance and Guidance Letters

On the basis that (i) the consideration for the [**REDACTED**] Investments was settled more than 28 clear days before the date of our first submission of the [**REDACTED**] to the Listing Division of the Stock Exchange in relation to the [**REDACTED**] and (ii) all special rights granted to the [**REDACTED**] Investors shall cease to be effective and be discontinued upon or before the [**REDACTED**], the Joint Sponsors confirm that the [**REDACTED**] Investments are in compliance with (i) the Guidance Letter HKEX-GL29-12 (Interim Guidance on [**REDACTED**] Investments) issued by the Stock Exchange in January 2012 and updated in March 2017; (ii) the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and updated in July 2013 and March 2017 and (iii) the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 and updated in March 2017.

Information about the [REDACTED] Investors

Set out below is a description of the [**REDACTED**] Investors.

Tencent

Tencent Mobility is a limited liability company incorporated under the Laws of Hong Kong and a subsidiary of Tencent, a company listed on the Stock Exchange (stock code: 0700). Double Combo is an exempted company incorporated in the Cayman Islands and ultimately beneficially owned by TPP Follow-on Fund I, LP, whose general partner is TPP Follow-on GP I, Ltd, which is in turn ultimately beneficially owned by Tencent. As of the date of this document, Tencent Mobility and Double Combo collectively hold approximately 18.89% of our total issued and outstanding shares.

CITIC Capital

CCRE Investment, an exempted company incorporated in the Cayman Islands, is a subsidiary of CITIC Capital. LLS Holding, an exempted company incorporated in the Cayman Islands, is a direct wholly-owned subsidiary of CITIC Capital China Partners III, L.P., whose general partner, CCP III GP Ltd, is also a subsidiary of CITIC Capital. Founded in 2002, CITIC Capital is a global alternative investment management advisory company. As of the date of this document, CCRE Investment and LLS Holding collectively hold approximately 12.03% of our total issued and outstanding shares.

Loyal Valley Capital

Loyal Valley Capital holds shares in our Company through LVC LP, LVC Tan, LVC Qian and LVC Le (collectively referred as the "**LVC Entities**"). LVC LP is a limited partnership established in the Cayman Islands and ultimately controlled by Mr. Lin Lijun (林利軍). Each of LVC Tan, LVC Qian and LVC Le is a business company incorporated in the BVI and ultimately controlled by Mr. Lin. Loyal Valley Capital is a private equity firm that mainly focuses on the following segments: new consumer, healthcare and advanced manufacturing. As of the date of this document, the LVC Entities collectively hold approximately 11.92% of our total issued and outstanding shares.

GIC

GIC SPV is wholly-owned by GIC (Ventures) Pte. Ltd, and managed by GIC Special Investments Pte Ltd, which is in turn wholly-owned by GIC. GIC is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. As of the date of this document, GIC SPV holds approximately 9.20% of our total issued and outstanding shares.

Standard Chartered Bank

Standard Chartered Bank is a wholly-owned subsidiary of Standard Chartered PLC, a leading international banking group with a presence in 60 of the world's most dynamic markets, and its network serves customers in close to 150 markets worldwide. Standard Chartered PLC is listed on the London Stock Exchange, the Hong Kong Stock Exchange and the National Stock Exchange of India. As of the date of this document, Standard Chartered Bank holds approximately 3.61% of our total issued and outstanding shares.

BAI

BAI is a company incorporated in Germany, whose beneficial owner is Bertelsmann (貝塔斯曼). BAI is primarily focused on investing in Internet & mobile Internet, online education, new technology, outsourcing and services. As of the date of this document, BAI holds approximately 3.60% of our total issued and outstanding shares.

China Merchants Venture

China Merchants Venture is a limited partnership established in the Cayman Islands, which is ultimately controlled by China Merchants Group Co., Ltd. (招商局集團有限公司), a state-owned enterprise headquartered in Hong Kong. As of the date of this document, China Merchants Venture holds approximately 3.04% of our total issued and outstanding shares.

GLP

GLP is an exempted company incorporated in the Cayman Islands and is ultimately beneficially owned by GLP Pte. Ltd. (普洛斯). GLP Pte. Ltd. is a leading global investment manager and business builder in logistics, real estate, infrastructure, finance and related technologies. As of the date of this document, GLP holds approximately 0.92% of our total issued and outstanding shares.

Oceanwide

Oceanwide is a limited partnership establish in the Cayman Islands, whose general partner is Oceanwide Galaxy Limited, which is in turn ultimately owned by Oceanwide Investment Group Co., LTD (泛海投資集團有限公司) ("**Oceanwide Investment**"), which is principally engaged in direct investment and private equity fund management business. Oceanwide Investment is a wholly-owned subsidiary of China Oceanwide Holdings Group Co., Ltd. (中國泛海控股集團有限公司). As of the date of this document, Oceanwide holds approximately 0.46% of our total issued and outstanding shares.

Shenzhen Skyworth

Shenzhen Skyworth is a limited partnership established in the PRC and ultimately controlled by Skyworth TV Holdings Limited, a subsidiary of Skyworth Group Limited (stock code: 0751), a company listed on the Stock Exchange. As of the date of this document, Shenzhen Skyworth holds approximately 0.46% of our total issued and outstanding shares.

Welight Capital

Welight Capital is a limited partnership established in the Cayman Islands, whose general partner is Welight Capital Management Limited, an exempt company incorporated in the Cayman Islands, which is in turn ultimately controlled by Mr. Wu Xiaoguang (吳宵光), an Independent Third Party. As of the date of this document, Welight Capital holds approximately 0.46% of our total issued and outstanding shares.

Zhong Hang Investment

Zhong Hang Investment is a business company incorporated in the BVI and ultimately beneficially owned by Mr. Wang Jianhua (王建華), an Independent Third Party. As of the date of this document, Zhong Hang Investment holds approximately 1.53% of our total issued and outstanding shares.

EQUITY INCENTIVE PLAN

On January 24, 2019, our Company adopted the Equity Incentive Plan, which was amended and restated on November 25, 2020, in order to motivate, attract and encourage certain officers, managers, employees, directors and other eligible persons. The principal terms of the Share Incentive Plan are set out in the section headed "Statutory and General Information — D. Equity Incentive Plan" in Appendix IV to this document. Pursuant to the Equity Incentive Plan, the maximum number of Shares in respect of which awards may be granted shall not exceed 14,551,513 Class B Shares. On September 24, 2018, 14,551,513 Class B Shares were issued to the Equity Incentive Holdco as reserve for grant or vesting of awards under the Equity Incentive Plan.

The Equity Incentive Holdco is a special purpose vehicle wholly-owned by Trident Trust Company (HK) Limited, which is the trustee of LLS Trust, established for the purpose of holding Class B Shares pursuant to the Equity Incentive Plan. As of the Latest Practicable Date, an aggregate of [6,121,774] RSUs in respect of [6,121,774] Class B Shares have been granted to [109] employees (including 5 Directors and members of the senior management of our Company and [104] other employees) of our Group pursuant to the Equity Incentive Plan.

MAJOR ACQUISITION AND DISPOSAL

During the Track Record Period, we had not conducted any acquisitions, disposals or mergers that we consider to be material to us.

COMPLIANCE WITH PRC LAWS AND REGULATION

Our PRC Legal Advisor confirmed that (i) the establishment of our Consolidated Affiliated Entities in China and their subsequent shareholding changes have complied with the relevant PRC laws and regulations in all material respects; and (ii) the Reorganization has complied with relevant applicable PRC laws and regulations in material respects.

SAFE CIRCULAR NO. 37

Pursuant to the SAFE Circular No. 37 promulgated by SAFE and which became effective on July 4, 2014, (i) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (ii) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the SAFE Circular No. 13 issued by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

Our PRC Legal Advisor has advised that Mr. Ji, Mr. Jiang, Mr. Zhong Songran and 10 other employees of our Group holding Class B Shares of our Company through Shirazvic, who are PRC residents, have completed their foreign exchange registration of overseas investments as required under SAFE Circular No. 37.

M&A RULES

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State Assets Supervision and Administration Commission, the STA, the SAIC, the CSRC and the SAFE, jointly issued the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**"), which became effective on September 8, 2006, and was amended on June 22, 2009. Pursuant to the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise through an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise (the "**Regulated Activities**").

Given that (i) Linklogis Supply Chain Services was established as a wholly foreign-owned enterprise by means of direct investment rather than by merger or acquisition by our Company under the M&A Rules and no provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to the M&A Rules; and (ii) no Regulated Activities were involved in the Reorganization under the M&A Rules, as advised by our PRC Legal Advisor, the establishment of Linklogis Supply Chain Services and the Reorganization are not subject to the M&A Rules, and the [**REDACTED**] of our Company does not require approvals from the CSRC and the MOFCOM under the M&A Rules.

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all of the information that may be important to you. You should read the whole document before you decide whether 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." You should read that section carefully in full before you decide whether to* [**REDACTED**] *in the* [**REDACTED**].

OUR MISSION

Our mission is to re-define and transform supply chain finance through technology and innovation.

OVERVIEW

We are a leading technology solution provider for supply chain finance in China. Our cloud-native solutions optimize the payment cycle of supply chain transactions and digitalize the entire workflow of supply chain finance. We empower our anchor enterprise and financial institution customers with efficient and reliable supply chain finance technology solutions, and enhance transparency and connectivity in the supply chain finance ecosystem. We ranked No.1 among technology solution providers in China with RMB122.3 billion in supply chain finance transactions processed in the nine months ended September 30, 2020, accounting for a 20.5% market share, according to CIC.

The supply chain finance technology solution market presents significant opportunity. Through solutions centered around higher-rated, larger enterprises in the supply chains, which are often referred to as anchor enterprises, supply chain finance helps businesses along the supply chain improve working capital and financing efficiency in a cost-effective way. Anchor enterprises are increasingly looking to supply chain finance as an attractive alternative payment option. According to CIC, the total outstanding balance of supply chain finance in China is expected to reach RMB40.3 trillion by the end of 2024, but it requires sweeping digital transformation to capture the growth potential. Traditional supply chain finance model is ineffective in authenticating underlying trades and managing risks due to low visibility into transaction flows and heavy reliance on manually-driven processes. Emergence of new technologies such as AI, blockchain, big data and cloud has made possible a more transparent, efficient and intelligent supply chain finance process, transforming the way it operates. The total spending on technology solutions by anchor enterprises and financial institutions in the supply chain finance sector is therefore expected to grow from RMB43.4 billion in 2019 to RMB164.2 billion by 2024, at a CAGR of 30.5%, according to CIC.

Recognizing the huge market potential in the supply chain finance technology solutions, we began our journey in 2016 and have since pioneered the industry in providing enterprise-grade, cloud-based and digitalized supply chain finance solutions. Our first-mover advantage, specialization in this sector, and dedicated focus on innovation have built us a competitive moat and provided a solid foundation for our continued success. Since our inception in 2016, we have served over 290 anchor enterprises, covering more than 25% of Top 100 Companies in China, and over 180 financial institutions. As of September 30, 2020, we had enabled our customers and partners to process close to RMB250 billion in cumulative supply chain finance transactions in China.

Solution Stack. We provide digitalized and specialized solutions to optimize mission-critical workflows for supply chain finance and payment. Our technology solutions enable anchor enterprises and financial institutions to effectively authenticate supply chain transactions, cooperate with other participants in the supply chain finance ecosystem, manage operational risks and achieve integrated supply chain management. We also re-define transaction and payment flows along the supply chain by leveraging blockchain technologies to create immutable and traceable digital representation of suppliers' accounts receivable due from anchor enterprises, or Digipo. Suppliers can split Digipo and settle their own payment obligations in full or in part with their upstream suppliers, or use it to obtain financing from financial institutions. Our cloud-based solutions can be easily accessed through a plug-and-play model, and we also provide our customers with bespoke solutions that can be integrated with their internal systems and offered through a white label approach.

We categorize our solutions into:

- *Supply Chain Finance Technology Solutions: a suite of cloud-native technology solutions to digitalize the process of supply chain payment and financing centered on anchor enterprises' credit profiles*

  - *Anchor Cloud: solutions designed to enable anchor enterprises to achieve digital transformation for supply chain management and optimize payment cycle for parties along the supply chain*

  - *FI Cloud: solutions designed to help financial institutions digitalize, automate and streamline their supply chain financing services*

- *Emerging Solutions: a range of innovative new solutions that supplement and enrich our existing supply chain finance technology solutions*

  - *Cross-border Cloud: a suite of intelligent solutions that help anchor enterprises and financial institutions facilitate supply chain payment and financing for corporates engaged in cross-border trade activities*

  - *SME Credit Tech Solution: a suite of data-driven risk analytics solutions that help financial institutions provide financing for anchor enterprises' SME suppliers and distributors based on data in the supply chain ecosystem*

Core Technologies. Our proprietary technologies are the core of our ability to provide solutions that fulfil our customers' needs and reinforce our market leadership. As of September 30, 2020, we had a team of 341 experienced technology professionals, representing 62% of our total staff. We focus on investing in next-generation technologies including AI, blockchain and big data. As of the Latest Practicable Date, we had applied and registered for more than 340 patents and copyrights. Our technology capabilities have received world-wide recognition, including CMMI-DEV v1.3 Maturity Level 3, which is a global benchmark for high-quality standard and application of the best practices in engineering and software development. Our technology solutions are characterized by agility, efficiency, mobility, transparency and reliability.

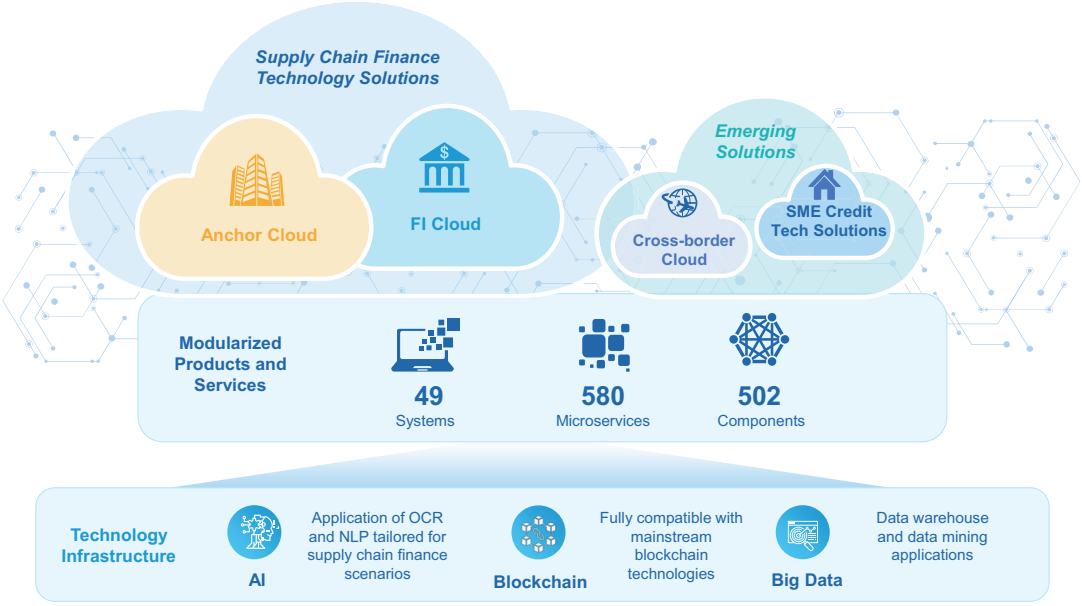
- *Agility:* With approximately 580 microservices and 502 components, both of which serve as building blocks of our solutions, we are able to quickly and cost-efficiently roll out new solutions and functionalities catered to the ever-changing needs from anchor enterprises and financial institutions. Our cloud-native, multi-tenant architecture allows us to scale up operations and increase transaction processing capacity effectively.

- *Efficiency:* Our solutions leverage optical character recognition ("**OCR**") and natural language processing ("**NLP**") technologies to automate tedious, time-consuming workflows, such as invoice authentication and validation, to improve efficiency, save costs, and reduce errors. Our AI engines are developed specifically for analyzing supply chain-related documents and data, which leads to an industry-leading AI accuracy rate and processing capabilities. For example, we are able to process 1,000 pages of invoices and contractual documents within 5 minutes and 15 minutes, respectively.

- *Mobility:* Our solutions can be accessed anytime and anywhere through Internet-connected devices. For example, our solution can facilitate eKYC and remote client onboarding, and suppliers enrolled in anchor enterprises' supply chain finance programs can simply scan relevant documents and upload the images through Weixin Mini-Programs instead of submitting paperwork. This mobility-first approach provides enhanced convenience for our customers and partners and delivers superior user experience.

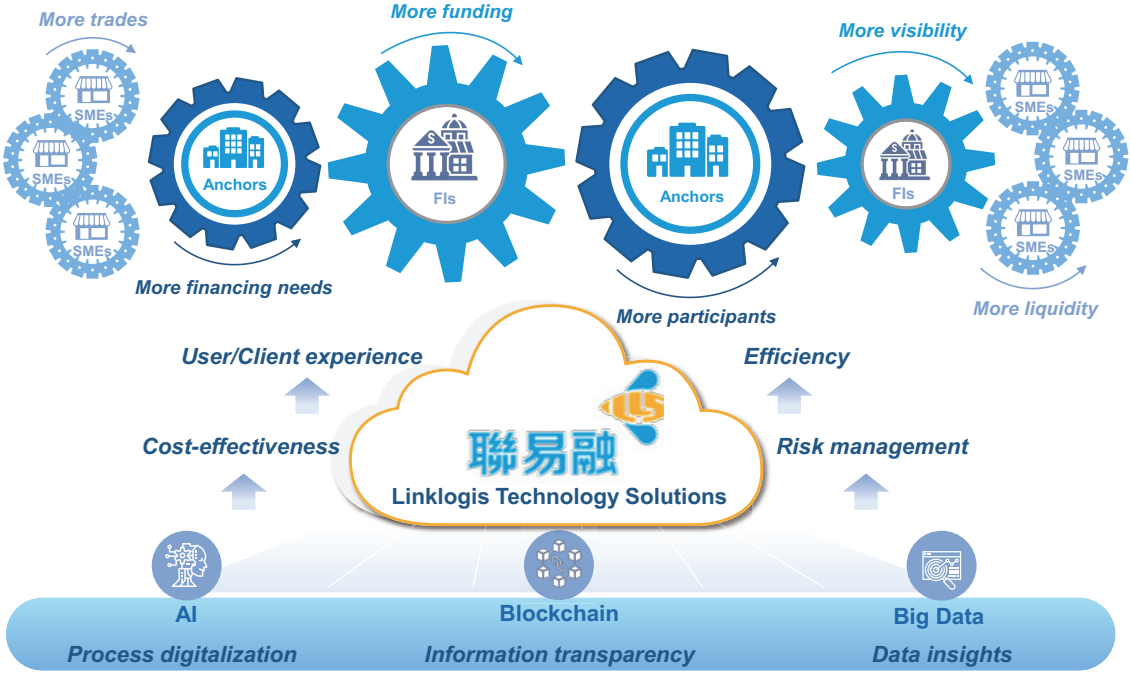
- *Transparency:* Through our proprietary blockchain platform, we foster trust among multiple stakeholders in the supply chain finance ecosystem by making transaction data immutable, traceable and transparent. This allows different parties to gain better visibility into the transaction and fund flows in supply chains.

- *Reliability:* Our robust data-driven risk management capabilities, combined with the top-notch security level of our systems, underpin our capability to serve large enterprise and financial institution customers. For example, we were certified by Trusted Blockchain Initiatives Evaluation Expert Panel of Ministry of Industry and Information Technology in November 2020, as one of the only two enterprises that were certified with respect to application of blockchain to supply chain finance.



Go-to-Market Strategy. We have distinguished outreach strategies to engage our targeted customer segments. Through serving industry leaders in selected verticals with our customer-oriented offerings, we have established a strong reputation in the supply chain finance and payment technology space, which allows us to attract a broad customer base across financial institutions and large enterprises. In addition to a direct salesforce of approximately 90 employees, we also leverage the word-of-mouth referrals by partners across the supply chain finance ecosystem to reach our targeted customers with no additional acquisition costs. We benefit from the flywheel effect as our customers and partners are increasingly interconnected, which makes our customer acquisition highly self-sustained. For instance, after onboarding our solutions, financial institutions can connect us to their enterprise customers, who may then become our customers and subsequently introduce their other partnering financial institutions to us, which will in turn attract more enterprise customers. Through serving anchor enterprises, we also expand our reach to a vast number of suppliers and distributors of those anchor enterprises in a cost-effective way, which in turn increases the appeal of our solutions to financial institution customers. We also enjoy strong customer loyalty, with the retention rate of our Supply Chain Finance Technology Solutions customers reaching 99% for the nine months ended September 30, 2020. In addition, we cooperate with the world's leading software vendors and B2B platforms, such as Infor, to tap into enterprises in the overseas markets and grow our international business.

Ecosystem. As of September 30, 2020, we had connected over 290 anchor enterprises, over 180 financial institutions, over 93,000 small and medium-sized enterprises ("**SMEs**"), and close to 100 professional parties and data providers across the supply chain finance ecosystem. Our technology platform is at the core of the supply chain finance ecosystem, integrating seamlessly with the operational and financing processes of various parties. We thrive to leverage technology to reduce information asymmetry and foster trust among stakeholders in the supply chain finance ecosystem. As we continue to process more supply chain transactions and accumulate better supply chain data insights, we are able to increase visibility into transaction and information flows, thus attracting more participants and enhancing connectivity in the ecosystem.



Business and Revenue Model. We generate our revenues primarily from technology solution service fees based on transaction volume. Our SaaS model offers a low cost of ownership for our customers as it saves them heavy upfront costs and considerable investment in building their own infrastructures and technology stacks from scratch. According to CIC, it typically incurs RMB30 million to RMB40 million upfront costs to develop and implement an in-house system for supply chain finance with AI and big data technology capabilities and RMB5 million to RMB15 million maintenance and upgrade fees every year, while we generally charge zero or limited upfront fees of up to RMB5 million. This revenue model allows us to capitalize on our customers' business growth and recurring transactions. We typically enter into multi-year agreements with anchor enterprises and financial institutions, and have developed a loyal customer base. Our solutions can be deeply embedded in the operations and business flows of our customers, which helps deepen our customer relationship and leads to continuous adoption of our solutions. Our customers of Supply Chain Finance Technology Solutions had a net expansion rate of approximately 125% and approximately 116% in 2019 and the nine months ended September 30, 2020, respectively. For calculation of the net expansion rate, see the section headed "Glossary of Technical Terms and Conventions" of this document. We provide constantly upgraded and refined offerings for our customers through continuous iterations, thereby increasing their stickiness to our solutions and making it possible for us to charge on-going fees. The recurring nature of our revenue provides strong visibility for our business and financial performances.

Rapid Growth. We have experienced rapid growth in recent years. The total transaction volume processed by our Supply Chain Finance Technology Solutions increased by 182% from RMB29.3 billion in 2018 to RMB82.6 billion in 2019. Such transaction volume further increased to RMB122.3 billion for the nine months ended September 30, 2020, representing a 92% year-on-year growth from the same period in 2019. As a result, our revenue and income increased by 83% from RMB383 million in 2018 to RMB700 million in 2019, and recorded a 52% year-on-year growth for the nine months ended September 30, 2020, reaching RMB808 million. We benefit from high operating leverage, which allows us to increase margin and profitability as we continue to scale our business. Our adjusted net profit reached RMB130 million for the nine months ended September 30, 2020, as compared to RMB37 million for the same period in 2019. For the reconciliation from adjusted profit/(loss) for the year/period to profit/(loss) for the year/period, see the section headed "Financial Information – Non-IFRS Measures" of this document.

MARKET OPPORTUNITIES

Healthy payment cycle and adequate liquidity access are the key to the stability of the industrial supply chains. According to CIC, only around 30% of social financing was allocated to SMEs in China despite a total contribution of more than 60% of the national GDP from them in 2019. In addition, SMEs' working capital is squeezed by the long payment period of their accounts receivable. SMEs in China had approximately an average of 92 days of accounts receivable outstanding in 2019, which was significantly longer than 51 days on average in the U.S. during the same period. Furthermore, it could take up to 6 to 12 months for SMEs to receive final payments if accounting for the time it takes for anchor enterprises to confirm invoices and complete the payment process. Given the importance of small businesses to the overall economy and society, the Chinese government and regulators have introduced a series of supportive policies to direct funding towards small businesses, including imposing SME lending growth targets for banks. Supply chain finance has proven to be an effective way to bridge the financing gap of SMEs, as it allows SMEs to get access to payment more quickly and funding at low costs by leveraging anchor enterprises' strong credit profiles.

The favorable regulatory tailwinds, coupled with the growing demand, continue to drive China to be one of the world's largest and fastest growing supply chain finance markets. According to CIC, the domestic supply chain finance market is expected to grow from RMB23.0 trillion in 2019 to RMB40.3 trillion in 2024 at a CAGR of 11.8%.

The supply chain finance industry requires sweeping digital transformation to support such market growth potential. However, the traditional supply chain finance model has long been inefficient due to lack of data credibility and information transparency. In addition, supply chain finance processes typically involve a significant amount of paperwork as well as manual processing, which makes it difficult to scale up and prone to fraud risks and operational risks. As evidenced by the government's supportive policies in promoting digitalization of supply chain finance, technology is expected to play an important role in improving risk control, enhancing information sharing across supply chains, and improving standardization and automation, which ultimately helps optimize operating efficiency of the industry value chain and lower financing cost for businesses. This has made the digital transformation of supply chain finance more vital than ever, giving rise to an increasing demand for integrated technology solutions for payment, financing and supply chain management. According to CIC, the penetration rate of technology solutions in China's supply chain finance market is expected to increase from 9.0% in 2019 to 20.0% by 2024.

Developing technology solutions in-house typically requires significant upfront investments and on-going maintenance costs, and many enterprises and financial institutions do not have the necessary technology capability and dedicated AI and data scientists to build a full-fledged supply chain finance technology platform. As a result, financial institutions and enterprises are increasingly looking to third party providers for efficient and secure technology solutions. According to CIC, the total spending by anchor enterprises and financial institutions on third-party supply chain finance technology solutions in China is expected to reach RMB69.3 billion by 2024. The transactions processed by third party technology solutions in China are expected to increase to RMB5.2 trillion in 2024. Similarly, the complexity and expansion in global trades drive the increased digitalization level for cross-border supply chain finance. For the cross-border supply chain finance relating to the trades from Asia to Europe and North America, which is the market we are currently focused on, there is expected to be an annual spending of US$1.3 billion on the third-party technology solutions by 2024, with an estimated transaction volume of US$95.8 billion processed by these third-party technology solutions. We believe we are well positioned to capitalize on these enormous market opportunities with our deep industry know-how and revolutionary technologies.

OUR VALUE PROPOSITIONS

With our purpose-built solutions and industry-leading technology infrastructure, we are able to deliver tangible benefits to various stakeholders in the supply chain finance ecosystem with profound influence in reshaping the supply chain finance sector. We focus on providing world-class solutions for anchor enterprises and financial institutions to meet their evolving business and technology needs, helping them deliver superior user experience for their SMEs.

Value proposition to anchor enterprises

Due to information asymmetry, it is challenging for large enterprises to manage their suppliers and distributors along the supply chain efficiently and effectively. The lack of information transparency leads to sub-optimal management of cash flows, expenditures and inventories. In addition, they are seeking new alternatives to their traditional payment options which may not always be optimal. Our tailored solutions help tackle these issues and benefit anchor enterprises in the following ways:

- *Improved payment terms and procurement efficiency*

- *Optimized working capital and cashflow*

- *Increased visibility into transaction and fund flows*

- *Strengthened operating stability of supply chain, establishing mutually beneficial relationships with suppliers*

Value proposition to financial institutions

Financial institutions, in particular banks, are looking for secure, digitalized and reliable technology solutions to develop their supply chain finance business. Their legacy systems might be under-equipped to meet their evolving and sophisticated needs. Securities companies and trust companies are also seeking to play a more active role in the supply chain finance business, such as acting as a program manager in securitization transactions, and they demand digitalized systems to enhance operational efficiency and connection to other stakeholders in the supply chain finance ecosystem. We aim to strengthen financial institutions' capabilities to tap into the supply chain finance market by offering:

- *Cost-effective supply chain finance process through automation and digitalization of workflows*

- *Increased transparency of underlying assets and improved data credibility*

- *Robust data-driven risk management to effectively reduce fraud risks and operational risks*

- *Access to high quality assets while achieving strategic objectives to provide inclusive financing to SMEs*

Value proposition to SMEs

There exist a vast number of small businesses along the supply chains. Long payment cycles have become a growing burden for SMEs, and they typically lack credible financial data and proven operating track record to secure financing. It is even more difficult for deep-tier SMEs to get financing given they do not have direct business relationship with large corporates, which makes it challenging for financiers to assess the relevant risks of those SMEs based on the credit standing of the anchor enterprises. By providing technology solutions to anchor enterprises and financial institutions, we aspire to bridge the financing gap for SMEs and help them achieve:

- *Lower-cost financing by leveraging anchor enterprises' prime credit profile, with SME's financing cost effectively lowered from a typical range of 10 – 20% to 5 – 6%*

- *Shortened payment cycles and improved cash flows*

- *Improved access to financing*

- *Digitalized, efficient and convenient financing processes*

In addition to serving individual groups of stakeholders, we are dedicated to being a socially responsible company delivering lasting positive environmental, social and governance, or ESG, impact on the supply chain finance ecosystem in general. While traditional supply chain finance involves tedious manual, paper-based processes, the digital nature of our technology solutions enable ourselves and our customers and partners to go paperless and reduce carbon footprint while driving convenience, cost-efficiency and productivity in the long run. For more information about our ESG efforts, see "– Environmental, Social and Governance Matters."

OUR COMPETITIVE STRENGTHS

We believe that the following strengths enable us to capture opportunities arising from China's supply chain finance technology solution industry:

1. Leader and pioneer in the thriving supply chain finance technology solution industry

- ***Leader.*** According to CIC, we are the largest technology solution provider for supply chain finance in China in terms of transaction volume processed in the nine months ended September 30, 2020. During this period, our solutions enabled our customers to process RMB122.3 billion supply chain finance transactions, accounting for a market share of 20.5% among supply chain finance technology providers in China.

- ***Pioneer.*** We stay at the forefront of innovation in supply chain finance and payment, and are committed to transforming the industry with cutting-edge technologies and solutions.

  - We were the first in China to offer fully digitalized technology solutions designed for securitization of supply chain assets, which were launched in 2017, according to CIC. Our AMS Cloud and ABS Cloud help automate workflows throughout the lifecycle of a securitization transaction ranging from collection and management of underlying assets to structuring and issuance of securitized product, and provide secured information access for a variety of professional parties including rating agencies, law firms and accounting firms.

  - We were the first among major supply chain finance technology solution providers in China to apply blockchain technology to enhance traceability and authenticity of supply chain finance and payment, according to CIC. In June 2017, we developed Multi-Tier AR Transfer Cloud and introduced digital representations of accounts receivable, also known as Digipo. Digipos can be used by suppliers, in full or in part, to settle payment obligation along the supply chain or to obtain financing, making it possible for suppliers, especially those deep in the supply chain, to get payment more quickly and at a lower cost by leveraging anchor enterprises' credit standing. Currently Digipo has been transferred along the supply chain to the seventh tier suppliers, and it has the potential to reach deeper-tier suppliers in the future.

  - According to CIC, we were the first to launch blockchain-powered cross-border supply chain finance technology solutions in 2019 in the PRC market. Our data-driven models enable financial institutions to effectively authenticate cross-border trades and provide early-stage financing to multi-tier suppliers by leveraging extensive data from multi-channel sources, such as customs, logistics companies, ERP systems, international B2B platforms, insurers, among others.

- ***Huge market potential.*** Enterprises across industries are seeking for digital transformation to effectively manage their supply chain and optimize working capital. In the meantime, financial institutions are looking for cost-effective and secure technology solutions to transform the traditionally cumbersome and inefficient process, and manage fraud and operational risks in supply chain finance. The strong demand, combined with governments' focus on technology to promote industrial modernization and serve real economy, is fueling the growth of the supply chain finance technology solution sector in China. The annual spending of anchor enterprises and financial institutions on third-party supply chain finance technology solutions is expected to grow from RMB10.0 billion in 2019 to RMB69.3 billion by

2024, at a CAGR of 47.3%, according to CIC. According to the same source, spending on third-party solutions as percentage of total technology spending is also expected to increase from 23.0% to 42.2% from 2019 to 2024. As a pioneer and leader in the supply chain finance technology space, we are well-positioned to capture the tremendous potential of the market.

2. Purpose-built, end-to-end technology solutions

- ***Customized full-stack solutions.*** Built on our deep industry insights, we offer our customers end-to-end solutions to tackle the various pain points throughout the lifecycle of supply chain finance and payment. Our solutions are purpose-built with a focus on delivering superior user experience by providing convenient access and streamlined and optimized process. Given that our technologies are designed specifically for the use case of supply chain finance and payment, we are able to offer best-in-class customer experience and results. As a specialist in the supply chain finance technology space, we also benefit from massive domain-specific data accumulated since our inception, which are critical in training our models and algorithms to continuously optimize our solutions. Our microservices and the modular nature of our offerings enable us to assemble bespoke solutions for our customers of various sizes and from different industries with an agile approach, significantly reducing our time to market. On average, each of our customers used 232 components and 77 microservices provided by us in the nine months ended September 30, 2020. We also provide the technology infrastructure and building blocks for our customers to customize the solutions or develop new functions.

- ***Advanced technology capabilities.*** Our ability to apply breakthrough technologies across AI, blockchain, big data and cloud to continuously innovate our solutions is the cornerstone of our competitive advantage.

  - We leverage our proprietary AI-powered OCR and NLP technologies and data analytics capability to automate the workflows which are traditionally plagued with manual process and operational risks. We are leading the industry with AI accuracy rates of more than 95% for general documents and more than 90% for complicated legal documents and contracts.

  - We deploy blockchain technologies to address information transparency and security issues, a major concern for participants in the supply chain finance sector. With transaction data recorded on immutable ledgers, we enable different parties to accurately trace and validate transactions, which helps to build trust and manage risks more effectively.

  - Our solutions are cloud-based and can be accessed anywhere and anytime through mobile devices or online portals. The SaaS model helps reduce the burden associated with system implementation, upgrading and hosting, which delivers superior user experience, and encourages rapid adoption.

3. High-quality, diverse and loyal customer base

- ***High quality and diverse customer base.*** We had served and partnered with over 290 anchor enterprises and over 180 financial institutions during the nine months ended September 30, 2020. We cover more than 25% of Top 100 Companies in China, and most of our anchor enterprise customers have a credit rating of AA+ or AAA. The financial institutions that we have served include all of the Top 20 Largest

Commercial Banks and 16 of the Top 20 Largest Securities Firms in China. Our ability to work with China's largest corporates and financial institutions is a strong testament of our superior technology and servicing capabilities.

- ***Efficient customer acquisition.*** We have an effective marketing and customer acquisition strategy. We benefit from a large network of partners in the supply chain finance ecosystem who generally have a strong willingness to refer their own customers and partnering institutions to us as this also benefits their own businesses. For example, financial institutions who adopt our solutions tend to connect us with their extensive networks of enterprise customers for their involvement in the supply chain finance process, and many of our enterprise customers also introduce our solutions to other partnering financial institutions to make their supply chain finance processes more streamlined and convenient. Therefore, we are able to achieve flywheel effect in customer acquisition and enhance the level of engagement. Such effect allows our business to grow exponentially while controlling the customer acquisition costs. Through serving and working with our anchor enterprises, we are also able to efficiently tap into their extensive suppliers and distributor bases.

- ***Strong customer retention.*** Our solutions are deeply embedded in our customers' and partners' operations, which, together with the compelling value propositions we deliver, contributes to a loyal customer base. The retention rate of our Supply Chain Finance Technology Solutions customers reached 99% for the nine months ended September 30, 2020. The strong collaborations with our customers and partners have also provided us with opportunities to cross-sell and up-sell our solutions and increase our penetration rate and customer lifetime value.

4. Scalable and capital light business model with strong operating leverage

- ***Sustainability.*** We benefit from the network effect of the supply chain finance ecosystem. As anchor enterprises and suppliers in the ecosystem continue to produce and transact goods or services, it generates recurring demand for supply chain financing and payment. The increased transactions processed through our solutions will help increase visibility into information and transaction data, leading to improved AI engines and risk models which in turn attract more parties to adopt our solutions. Through serving a broad range of customers, we will also deepen our domain knowledge and understanding of the industry, which allows us to stay competitive with continuously-refined products. In the meantime, as we attract more participants in the ecosystem, there will be enhanced connectivity among different parties, leading to more efficient supply chain finance process. The virtuous cycles create a self-reinforcing supply chain finance ecosystem, which underpins the sustainability of our business model.

- ***Scalability.*** Our increasingly standardized products and transaction volume-based revenue model provide us with tremendous opportunity to scale up our business and grow together with our customers. On average, we had more than doubled the number of supply chain assets processed for each anchor enterprise customer who helps its suppliers to obtain financing through Anchor Cloud from over 320 in 2018 to over 850 in the nine months ended September 30, 2020, enabling each supplier enrolled in the anchor enterprise's supply chain finance programs to obtain financing for an average of five times during the nine months ended September 30, 2020. Due to the increased adoption of our solutions by customers, the net expansion rate of our Supply Chain Finance Technology Solutions was approximately 116% for the nine months ended September 30, 2020. Our recurring revenue model allows us

to achieve sustainable growth through increased transaction activities in the supply chain finance ecosystem. Our monetization model, together with high retention rate of customers, leads to strong visibility into our growth and financials.

- ***Strong operating leverage.*** We operate a scalable, capital light model, and benefit from economies of scale and strong operating leverage. After we onboard a customer and integrate our solutions with its operation process, we incur limited incremental costs to maintain customer relationship and process additional supply chain finance transactions. Continued product standardization also helps reduce the deployment costs associated with onboarding new customers and implementing new products. The high operating leverage enables us to increase margin and profitability as we scale our business.

5. Technology know-how integrated with financial insights

- ***Experienced and high-caliber management.*** Our business draws on the deep business insights of our founders and senior management to deliver superior solutions and services to meet our customers' needs. With a unique combination of technology expertise and business acumen accumulated through years of experience in the technology and financial services industries, they have a deep understanding of the pain points in the supply chain finance ecosystem and are instrumental to our ability to continue to innovate to address them.

  - Our management has an average of over 20 years of experience in the financial services or technology industries and have held important positions at well-recognized organizations such as HSBC, JP Morgan, and Tencent.

- ***Strong shareholder support.*** We benefit from close strategic cooperation with our shareholders, such as Tencent and Standard Chartered, to substantiate both technology and finance know-how. In particular, we enjoy access to Tencent's leading infrastructure technologies such as blockchain, facial recognition, cloud and payment. At the same time, we are able to tap into the cross-border supply chain finance market and expand our product offerings through cooperation with Standard Chartered. Our strong partnerships with our shareholders, coupled with our own proprietary technology, enable us to continue innovating the supply chain finance sector with state-of-the-art technology solutions.

OUR GROWTH STRATEGIES

We plan to implement the following strategies to strengthen our leadership in the supply chain finance technology solution industry:

1. Expand the scope of our solution offerings with continuous optimization

Leveraging our in-depth industry know-how and cutting-edge technology, we will continue to develop new products and solutions catering to our customers' evolving needs and pursue cross-sell and up-sell opportunities. We will also strive to increase the adoption and usage of our products by customers. The transaction volume of the supply chain finance assets processed by our technology solutions for the largest five anchor enterprises we served only accounted for 4.2% of their accounts payable as of the end of 2019, suggesting significant potential to increase our penetration rate. Given our transaction-based revenue model, we will be able to sustain the growth of our revenues

with more transactions processed via our platforms and solutions. As we continue to deepen our relationships with our customers, we expect to increase customer stickiness and penetration rate over time.

2. Broaden customer base and strengthen coverage of industry verticals

We will continue to grow our customer base across different industries. With more than 4,500 enterprises with a credit rating of AA or above and over 4,500 commercial banks, securities companies, trust companies and insurance companies in China, there is great potential for us to further expand our customer base. In addition to direct sales, we also target to further leverage our relationships with our financial institution partners and software vendors to enhance our access to anchor enterprises. The large networks of anchor enterprises will help further attract their suppliers and distributors, most of which are SMEs, to adopt our finance and payment solutions and scale up our user base efficiently. We also expect to expand our industry coverage and further deepen our penetration in sectors such as construction, manufacturing, and pharmaceuticals. Our goal is to serve more than 1,000 enterprises and financial institutions in the mid-term, enabling them to process more than RMB1 trillion supply chain finance transactions for a million SMEs.

3. Expand and enhance supply chain finance ecosystem

With our leadership in the supply chain finance and payment technology space, we strive to deepen our cooperation with stakeholders in the supply chain finance ecosystem. With more customers adopting our solutions, there will be more supply chain finance transactions processed, which lead to deeper data insights and more accurate algorithms and models, thus attracting even more customers and partners to adopt our solutions. The virtuous cycle enables us to foster tight partnerships with various stakeholders, forming a self-reinforcing supply chain finance ecosystem.

4. Continue to invest in technology and infrastructure

We believe technological advancement and innovation are critical to solidifying our competitive moat. We will continue to invest in technologies such as blockchain and optimize our AI engines to help improve operational efficiency and risk management for our customers. We will advance our platform capabilities with open API development to increase cooperation with other technology solution providers. We will further standardize and modularize our solutions to minimize incremental costs for new product deployment and reduce time to market. We will continue to lead technology innovation by advancing the application of AI, blockchain and big data, and continue to improve our solutions to meet the evolving customer needs.

5. Further penetrate into international markets

Built on our strong relationships with global anchor enterprises, international financial institutions and supply chain partners, we aim to strategically expand our overseas footprint and replicate the success of our business model in international markets. We started to provide cross-border supply chain finance and payment technology solutions in 2019, and we will continue to leverage our partnership with the world's leading software vendors and B2B platforms to tap into large anchor enterprises globally. We will further develop new functionalities of our cross-border supply chain finance technology platform and expand application to different international trade settlement scenarios to fulfil the needs of different stakeholders in the cross-border supply chain finance and payment processes. We will continue to implement our "go deep, go early" strategy to enable

financing to deep-tier suppliers along the cross-border supply chains at early stages of the trades. In addition, we proactively pursue offshore expansion in the technology area, as exemplified by us and our partnering consortium being selected to receive the digital wholesale bank license in Singapore in December 2020. We will also explore selected partnership and acquisition opportunities that complement our international operations.

OUR SOLUTIONS

The following table illustrates our solutions.

Solutions			Innovation/technology/solution and application description
Supply Chain Finance Technology Solutions	Anchor Cloud – designed to enable our customers (anchor enterprises) to achieve digital transformation for supply chain management and optimize payment cycle for parties along the supply chain	AMS Cloud	A cloud-native centralized operating platform that digitalizes, automates and streamlines the management of supply chain assets for anchor enterprises, enabling real-time asset processing and asset-backed financing
		Multi-tier AR Transfer Cloud	A blockchain-powered intelligent platform that creates immutable and traceable digital representation of tier-1 suppliers' accounts receivable ("**AR**") due from anchor enterprises that suppliers along the supply chain can use for payment and financing purposes
	FI Cloud – designed to help our customers (financial institutions) digitalize, automate and streamline their supply chain financing services	ABS Cloud	A blockchain-powered intelligent platform that streamlines the securitization of supply chain assets and offers a wide range of management services in the securitization offerings and post-issuance management services for financial institutions participating in securitization offerings, primarily including securities firms and trust companies
		eChain Cloud	A combination of pre-built microservices that provide banks, trust companies, factoring companies and other financial institutions seeking to enhance their supply chain finance capabilities with a variety of customized and integrated technology solutions, such as process management, intelligent asset collection and verification, and blockchain-enabled transfer of supply chain assets

Solutions		Innovation/technology/solution and application description
Emerging Solutions	Cross-border Cloud	A suite of intelligent solutions that help anchor enterprises and financial institutions facilitate supply chain payment and financing for corporates engaged in cross-border trade activities
	SME Credit Tech Solutions	A suite of data-driven risk analytics solutions that help financial institutions provide financing for anchor enterprises' SME suppliers and distributors based on data in the supply chain ecosystem

The following table sets forth a breakdown of our total revenue and income by our solutions for the periods indicated.

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
					(unaudited)			
	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)							
Supply Chain Finance Technology Solutions								
Anchor Cloud	89,068	23.3	288,407	41.2	245,726	46.3	391,454	48.5
FI Cloud	276,879	72.3	313,292	44.8	226,891	42.7	335,502	41.5
Subtotal	365,947	95.6	601,699	86.0	472,617	89.0	726,956	90.0
Emerging Solutions								
Cross-border Cloud	–	–	2,153	0.3	228	0.0	15,399	1.9
SME Credit Tech Solutions	16,786	4.4	95,741	13.7	58,210	11.0	65,307	8.1
Subtotal	16,786	4.4	97,894	14.0	58,438	11.0	80,706	10.0
Total	382,733	100.0	699,593	100.0	531,055	100.0	807,662	100.0

Across our solutions, we use the term "customers" to refer to the businesses and organizations that use our solutions and enter into revenue-generating contracts with us, which mainly include anchor enterprises and financial institutions, and use the term "partners" to include broadly both our customers, and other businesses and organizations that we serve through our solutions. For example, in the context of ABS Cloud where we enter into revenue-generating contracts with financial institutions such as securities companies and trust companies, we consider such financial institutions as our customers and consider the anchor enterprises involved in the underlying transactions and third-party investors that log in and use ABS Cloud as our partners.

The following tables set forth certain key operating metrics with respect to our solutions for the periods indicated. As used in the following table and elsewhere in this document, unless otherwise indicated, with respect to a particular solution: (i) the number of customers for a given period refers to the total number of customers that had at least one revenue-generating contract with us during that period, and (ii) the number of partners for a given period refers to the total number of partners that had used that solution during that period.

	For the years ended December 31,		For the nine months ended September 30,
	2018	2019	2020
Total number of our partners			
Anchor enterprise	52	148	294
Financial institution	51	135	182
Supply Chain Finance Technology Solutions			
Number of anchor enterprise customers	20	52	98
Number of financial institution customers	23	53	79
Customer retention rate	100%	91%	99%
Net expansion rate[1]	–	125%	116%

Note:

1. To calculate the net expansion rate for a current period, we first identify our customers for the same period in the previous year. We then calculate the net expansion rate for such current period as the quotient obtained by dividing the revenue generated by the same group of customers during the current period by the revenue they generated during the same period in the previous year.

The following table sets forth the breakdown of the total volume of supply chain assets processed by, or for our SME Credit Tech Solutions, the total amount of financing enabled by, our technology solutions for the periods indicated.

	For the years ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
	(RMB in millions)			
Supply Chain Finance Technology Solutions	29,338.1	82,594.0	63,775.4	122,329.2
Anchor Cloud	9,071.6	44,931.0	34,280.4	80,810.9
FI Cloud	20,266.4	37,663.0	29,495.0	41,518.2
Emerging Solutions	907.6	5,935.8	2,888.0	4,800.4
Cross-border Cloud	N/A[1]	303.8	63.3	2,894.9
SME Credit Tech Solutions	907.6	5,632.0	2,824.7	1,905.5

Note:

1. Not applicable as our Cross-border Cloud was launched in 2019.

Our Supply Chain Finance Technology Solutions

Depending on the types of our customers, we categorize our Supply Chain Finance Technology Solutions into (1) Anchor Cloud and (2) FI Cloud. According to CIC, we ranked the first in the supply chain finance technology solution market as measured by the transaction volume processed for the nine months ended September 30, 2020. In 2018 and 2019 and for the nine months ended September 30, 2020, the number of our customers for Supply Chain Finance Technology Solutions amounted to 43, 105 and 177, respectively.

We generate revenues from Supply Chain Finance Technology Solutions primarily from the service fees based on the volume of supply chain assets processed using Supply Chain Finance Technology Solutions and in some circumstances, an upfront implementation fee pursuant to the agreements between us and our customers. The foregoing service fees are usually expressed as a percentage of the volume of the supply chain assets processed.

Anchor Cloud

Anchor Cloud is a combination of cloud-native solutions designed to enable anchor enterprises to achieve digital transformation for supply chain management and optimize payment cycle for parties along the supply chain, including AMS Cloud and Multi-tier AR Transfer Cloud. It allows anchor enterprises to optimize their cash flows, help their suppliers obtain liquidity, improve transparency across the entire supply chain and enhance their supply chain management. In 2018 and 2019 and for the nine months ended September 30, 2020, the total volume of supply chain assets processed by our Anchor Cloud amounted to RMB9,071.6 million, RMB44,931.0 million and RMB80,810.9 million, respectively. In 2018 and 2019 and for the nine months ended September 30, 2020, the number of our customers for Anchor Cloud amounted to 20, 52 and 98, respectively, including state-owned enterprises, listed companies and other large-scale enterprises spanning across a broad range of industries such as real estate, energy, construction, pharmaceutical, and manufacturing. During the same periods, the revenue and income generated from Anchor Cloud amounted to RMB89.1 million, RMB288.4 million and RMB391.5 million, respectively, representing 23.3%, 41.2% and 48.5% of the total revenue and other income during the same periods, respectively.

We generally enter into multi-year framework agreements with anchor enterprises. In 2018 and 2019 and for the nine months ended September 30, 2020, Anchor Cloud processed an average of approximately 323, 571 and 853 account receivable transactions, respectively, for each anchor enterprise customer who helps its suppliers obtain financing through Anchor Cloud, and enabled each supplier in anchor enterprises' supply chain to obtain financing for an average of 2.7, 4.3 and 5.0 times, respectively.

AMS Cloud

AMS Cloud is a cloud-native digital platform that helps anchor enterprises digitalize, automate and streamline the management of a variety of supply chain assets, including primarily the suppliers' accounts receivable due from anchor enterprises, as well as other types of assets, such as commercial bills and the anchor enterprises' accounts receivable, enabling real-time, centralized asset processing and asset-backed financing. According to CIC, AMS Cloud is one of the earliest and largest supply chain asset management platforms in China's supply chain finance technology solution market.

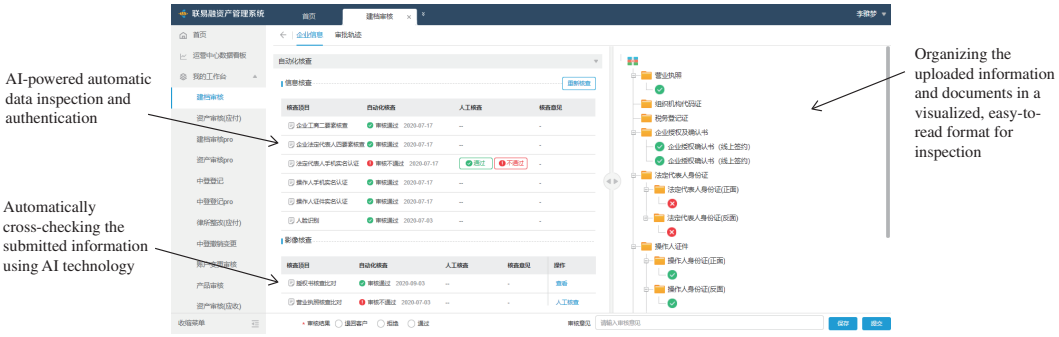
AMS Cloud serves nearly every key aspect of supply chain asset management process, including supplier enrollment and registration, asset digitalization and verification, supply chain management, electronic contract signing and automated registration of asset transfer on the Unified Registration System for Movable Assets-Based Financing operated by PBOC's Credit Reference Center, or PBOC's Unified Registration System.

AMS Cloud is cloud-based and accessible to anchor enterprises and suppliers through online registration and log-ins via webpage and mobile portals. Since its launch, AMS Cloud has processed a large volume of supply chain assets. In 2018 and 2019 and for the nine months ended September 30, 2020, the total volume of supply chain assets processed and managed by AMS Cloud for our anchor enterprise customers with whom we entered into revenue-generating contracts amounted to RMB9,063.1 million, RMB38,075.0 million and RMB70,014.2 million, respectively.

AMS Cloud features the following functionalities:

- ***Supplier enrollment and registration.*** AMS Cloud allows suppliers that have enrolled in anchor enterprises' supply chain finance programs to upload their identity information, such as business licenses and identity documents of their legal representatives and authorized persons, via our convenient webpage portal or Weixin Mini-Program. AMS Cloud utilizes AI-powered facial recognition technology to verify the identities of the persons who upload documents and information onto AMS Cloud. AMS Cloud then performs online inspection and authentication of such identity information and creates online customer accounts and profiles for eligible users.

- ***Asset digitalization and verification.*** Once their identity information is verified, the suppliers record their supply chain asset information by submitting a variety of transaction documents and information, such as their contracts with anchor enterprises, purchasing orders, invoices and other supporting documents to prove the performance and validity of their contractual obligation. In addition, anchor enterprises who use our AMS Cloud may upload their business certificates, background information and the documents proving the performance of their suppliers' contractual obligation onto AMS Cloud. Our AI-powered analytics engine accurately locates and extracts key information in various types of documents, such as invoice amounts, contractual terms or transaction parties' internal policies. AMS Cloud uses OCR technology to accurately and automatically capture texts on the uploaded documents, which substantially reduces the costs associated with manual search and data entry. Our OCR technology can save up to 90% of the labor costs and effectively shorten processing time needed for processing general documents for each transaction compared to the traditional manual process, according to CIC. The engine also performs automatic searches in public search engines and PRC courts' databases to determine whether the parties to the transactions are subject to disputes or legal proceedings or involved in negative publicity that may compromise the quality of the supply chain assets. Utilizing AI technology, AMS Cloud effectively verifies the validity of the supply chain asset profiles, invoices and submitted information through automated and real-time cross-checking in various databases including those maintained by the PRC authorities. Through AMS Cloud, anchor enterprises can conveniently validate the authenticity of the supply chain assets online and extend their supply chain finance programs to suppliers. AMS Cloud also uses AI voicebots to navigate suppliers through the document and information submission process. The following screenshot illustrates the dashboard and interface of our AMS Cloud for asset digitalization and verification.



- ***Supply chain management.*** AMS Cloud can be directly connected to anchor enterprises' own enterprise resource planning ("**ERP**") systems to offer a comprehensive suite of technology solutions to improve anchor enterprises' supply chain management capabilities. For instance, AMS Cloud automatically updates the maturity and payment status of anchor enterprises' accounts receivable. It utilizes our AI technology to inspect identity information submitted by the anchor enterprises' suppliers and authenticate the supply chain assets on a centralized basis, significantly improving our customers' operational efficiency. AMS Cloud enables anchor enterprises to check the status of the asset processing, such as the collection, verification and rectification of supply chain assets. In addition, AMS Cloud enables eligible supply chain assets to be packaged into financial instruments and sold to third-party investors.

- ***Execution of electronic contracts and automated registration of asset transfer.*** AMS Cloud generates the transaction agreements with respect to the supply chain assets and allows relevant parties to sign electronically. After the purchase agreements have been executed, AMS Cloud is able to automatically examine eligibility of the supply chain assets through our AI technology since it is directly connected to PBOC's Unified Registration System, therefore ensuring the assets have not been otherwise transferred, pledged or subject to other encumbrances, as well as registering the transfer of eligible supply chain assets on PBOC's Unified Registration System. With its ability to completely automate the registration process of asset transfer, AMS Cloud helps customers avoid going through the traditional time-consuming process where the assets are registered manually.

As a technology solution provider, we offer AMS Cloud to help anchor enterprises invite their suppliers seeking to monetize their supply chain assets to submit relevant documents and information onto AMS Cloud, allowing the suppliers to obtain low-cost financing based on the supply chain assets processed on AMS Cloud. These processed assets can be directed to our ABS Cloud, where these assets are pooled and packaged into various types of securitized products, such as ABS and ABN, to be sold to third-party investors via stock exchanges or interbank markets, among others. For a detailed discussion of ABS Cloud, see "— FI Cloud — ABS Cloud" of this document. The supply chain assets processed by AMS Cloud can also be converted into various types of financial instruments directly sold to institutional investors, such as banks or insurance companies. In the nine months ended September 30, 2020, the anchor enterprises who utilized AMS Cloud helped their SME suppliers obtain low-cost financing at an average financing cost of 5.4% by relying on anchor enterprises' credit profiles, which is significantly lower than the cost of financing extended to SMEs relying on their own creditworthiness that typically ranges from 10% to 20%, according to CIC. The accessibility of low-cost financing to suppliers, in turn, optimizes the anchor enterprises' supply chain management and cash flows.

We believe AMS Cloud offers the following key benefits:

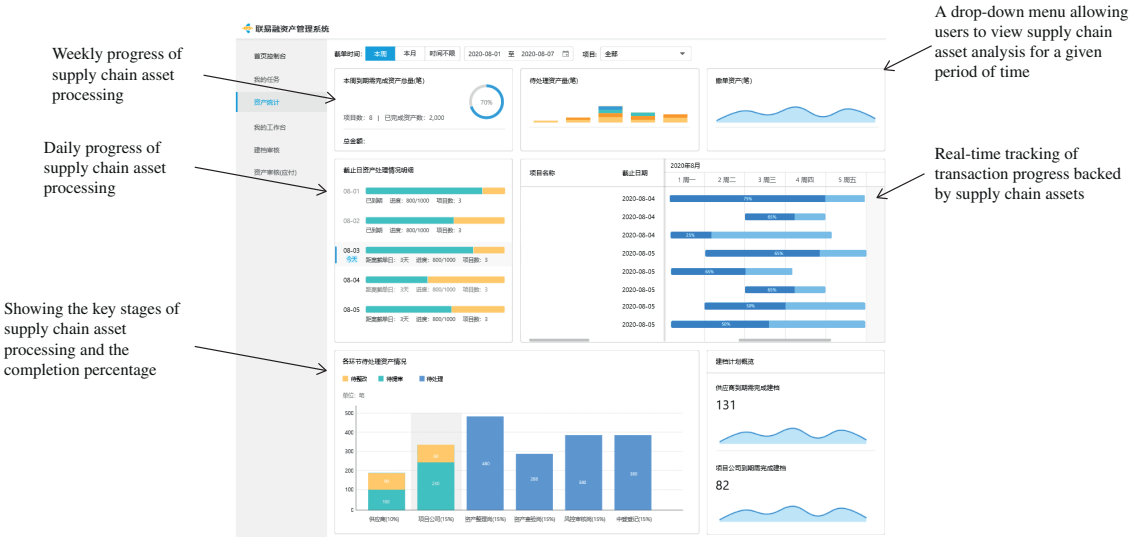
- ***Efficiency.*** According to CIC, AMS Cloud is able to achieve an industry-leading automation level of more than 90%, which is higher than that of most of its peers. Powered by AI, data analytics and other technologies, AMS Cloud efficiently collects, processes and verifies vast amount of supply chain data. It utilizes advanced AI capability to automate critical tasks, such as the collection and verification of transaction documents and the uploaded information relating to supply chain assets. Users may submit transaction documents or information on smart phones or PCs, which saves them considerable time from the traditional in-person or physical paper delivery process. On our AMS Cloud, the information verification process for each transaction may take only a few minutes, while it can take up to 1-2 weeks for those traditional peers who rely on manual work, according to CIC.

- ***Accuracy.*** AMS Cloud provides automation to replace the traditional, paper-based processes that are slow, costly and prone to errors. This cloud-native platform records all of the submitted documents and information online to eliminate information loss and inaccuracy. Our OCR technology is able to automatically process general documents, and legal and contractual documents with an accuracy rate of over 95% and over 90%, respectively, one of the highest caliber in the industry, according to CIC. Our AI-powered analytics engine efficiently cross-checks the information across the submitted documents, which significantly reduces the possibility of errors associated with manual, paper-based process. AMS Cloud uses AI technology to automatically examine the supply chain assets in the database of PBOC's Unified Registration System. It also applies facial recognition technology for suppliers' identity check.

- ***Transparency.*** AMS Cloud offers an array of convenient tools to help verify and analyze supply chain data, which gives anchor enterprises greater visibility into their supply chain and supply chain assets. For instance, the uploaded information and documents are saved and organized in a visualized, easy-to-read format, available for inspection by our internal personnel and the anchor enterprises.

- ***Financing flexibility and optimized payment cycle.*** Once verified on AMS Cloud, the suppliers' supply chain assets, such as their accounts receivable, can be transferred to ABS Cloud for securitization or sold directly to financial institutions. Therefore, suppliers may obtain liquidity directly from the proceeds based on prime credit profiles of anchor enterprises who are the counterparties in underlying transactions, which, in turn, also helps anchor enterprises improve their overall liquidity along the supply chain by optimizing the payment cycle.

Below is a holistic view of the easy-to-use interface of our AMS Cloud.



Case Study – Company Z

As one of the world's largest infrastructure construction companies and a Fortune Global 500 company, Company Z is one of the earliest anchor enterprise customers of our AMS Cloud. We started our collaboration with Company Z in 2018 and have maintained a close business relationship with the company ever since. Through our AMS Cloud, we successfully helped suppliers of Company Z's affiliates obtain financing at a cost comparable to that available to Company Z, thus increasing the suppliers' working capital and operational efficiencies. This in turn helped Company Z improve its own cash flow positions and enhance supply chain management. Our AMS Cloud has helped Company Z solve the long-standing problem of fraudulence in commercial bill issuance, as well as addressing the difficulty for its suppliers in cashing out commercial bills and the associated high discount costs. Therefore, AMS Cloud helps improve supplier management and information transparency across the entire supply chain finance ecosystem. As of September 30, 2020, our AMS Cloud had processed approximately RMB6.5 billion supply chain assets for Company Z and helped over 800 of its suppliers to obtain financing at an average financing cost of 4.3% with the lowest financing cost being only 3.2%.

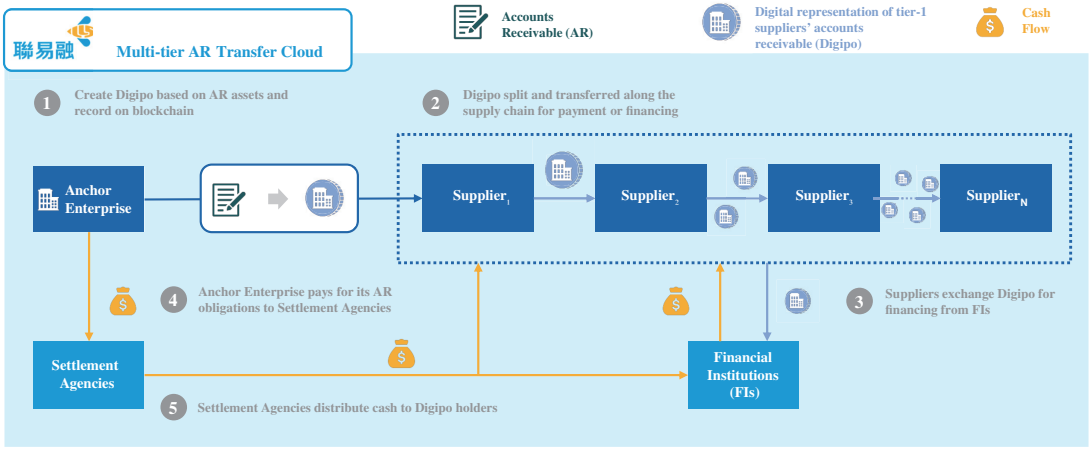
Multi-tier AR Transfer Cloud

Multi-tier AR Transfer Cloud is a blockchain-powered intelligent platform that creates immutable and traceable digital representation of tier-1 suppliers' accounts receivable due from anchor enterprises ("**Digipo**") that the suppliers along the supply chain can use to meet their own payment obligations along the supply chain or to obtain financing from financial institutions. In 2018 and 2019 and for the nine months ended September 30, 2020, the total volume of supply chain assets enabled by Multi-tier AR Transfer Cloud amounted to RMB8.5 million, RMB6,856.0 million and RMB10,796.8 million, respectively. During the same periods, the number of our customers for Multi-tier AR Transfer Cloud amounted to 2, 20 and 42, respectively.

As an industry pioneer, we launched Multi-tier AR Transfer Cloud in June 2017, the market-first blockchain-based multi-tier accounts receivable transfer platform, according to CIC. Since its launch, Multi-tier AR Transfer Cloud has earned an industry-wide recognition for its innovativeness and unique value propositions. In November 2020, Multi-tier AR Transfer Cloud was selected by Peking University as a business school case study about the innovations in China's supply chain finance technology solution industry for the university's teaching and research purpose.

As a cloud-based solution, Multi-tier AR Transfer Cloud can be either accessed through a plug-and-play model or customized and integrated deeply into our customers' existing systems, which allows them to build technology platforms under their own brand names through a white-label approach.

Below is a simplified diagram illustrating the key workflows of our Multi-tier AR Transfer Cloud and how it enables supply chain financing through the use of Digipo.



1. Our Multi-tier AR Transfer Cloud can be deployed for anchor enterprises, allowing tier-1 suppliers, i.e. suppliers that directly sell goods or services to anchor enterprises, to register. To record their accounts receivable, tier-1 suppliers need to upload the identity and transaction information and documents via our website or mobile portal, such as their identity documents or business licenses, business contracts, invoices as well as other documents proving the performance of their contractual obligation. Multi-tier AR Transfer Cloud then utilizes NLP technology to analyze and interpret textual information in these uploaded photos or documents. Anchor enterprises are required to validate that the accounts receivable are authentic and not subject to any disputes. After such validation is completed, Multi-tier AR Transfer Cloud records the transaction data, usually on a blockchain-powered ledger, and creates for tier-1 suppliers Digipo that represents their accounts receivable from the anchor enterprises.

2. While a tier-1 supplier may hold the Digipo and get paid from the anchor enterprises on the due date, it may also choose to invite its own supplier (i.e. the tier-2 supplier) to register with Multi-tier AR Transfer Cloud and transfer the Digipo in whole or in part to the tier-2 supplier to meet payment obligation due to such tier-2 supplier. The tier-2 supplier, as well as deeper-tier suppliers along the supply chain, have the same options. Tier-2 and deeper-tier suppliers that register with our Multi-tier AR Transfer Cloud shall submit basic information and documents, such as identity documents or business licenses, to prove their identity, and we require that there exist genuine underlying supply chain transactions between suppliers transferring Digipo and those that receive them.

3. The financial institutions, such as banks, factoring companies and trust companies enrolled on Multi-tier AR Transfer Cloud serve as funding partners. In addition to holding Digipo until maturity and transferring it along the supply chain, suppliers may also choose from these enrolled funding partners and sell the accounts receivable represented by Digipo to the funding partners that offers the most favorable financing terms.

4. Certain commercial banks, as well as Tenpay, an online third-party payment service provider operated by Tencent, serve as the settlement agencies of Multi-tier AR Transfer Cloud. Prior to or upon due date, the anchor enterprises will separately remit cash equal to the aggregate amount of their payment obligations due to the tier-1 suppliers represented by the Digipo to the settlement agencies.

5. As the accounts receivable become due, we notify the settlement agencies of details of the holders of Digipo. The settlement agencies then distribute the cash received from the anchor enterprises to holders of Digipo (whether they are suppliers, or financial institutions that provide financing to suppliers as described above) in amounts equal to the respective accounts receivable represented by the Digipo they hold. Since the systems of the settlement agencies are integrated with Multi-tier AR Transfer Cloud, once the distribution is made, the Digipo is automatically recorded as settled on Multi-tier AR Transfer Cloud.

Digipo can be transferred only among the suppliers that have registered with our Multi-tier AR Transfer Cloud. Since our Multi-tier AR Transfer Cloud is blockchain-powered, it creates immutable and traceable records of the underlying supply chain transactions and accounts receivable between tier-1 suppliers and anchor enterprises, as well as the creation, transfer and settlement of Digipo, ensuring transaction security and transparency along the supply chains. Multi-tier AR Transfer Cloud makes Digipo resistant to tampers or cyber attack as the information relating to underlying transactions and supply chain asset is recorded on a set of separate nodes on the blockchain. For a detailed discussion of the blockchain technology, see "– Our Technology – Proprietary Technology Stacks – Blockchain."

We believe our Multi-tier AR Transfer Cloud delivers the following unique value propositions:

- ***More flexible and accessible financing.*** Multi-tier AR Transfer Cloud allows deep-tier suppliers to use Digipo in various ways catering to their specific needs, such as settling their payment obligations with upstream suppliers or applying for liquidity by splitting, transferring or monetizing accounts receivable. Before the creation of Digipo, anchor enterprises are required to confirm their contractual rights with the suppliers, which enables deep-tier suppliers to rely on anchor enterprises' credit profiles to access liquidity at a reduced financing cost, which typically ranges from 3.8% to 6.2%.

- ***Supply chain transparency.*** Multi-tier AR Transfer Cloud promotes transparency across supply chain as it utilizes immutable digital ledger to record supply chain data, therefore clarifying the complex relationships among anchor enterprises, tier-1 suppliers and deep-tier suppliers. Anchor enterprises may have the clarity on the information deep in supply chains, such as the data relating to their supply chains and the verticals in which they operate, fund flow and transaction parties' identity. Such transparency also helps financial institutions effectively mitigate the fraud risk they are usually exposed to when providing financing to suppliers.

- ***Transaction efficiency.*** Multi-tier AR Transfer Cloud creates a more efficient financing process across the supply chain. Through Multi-tier AR Transfer Cloud, suppliers may quickly complete the entire financing process online, such as financing application and asset transfer, as fast as within a few minutes.

Case Study – Company S

Company S is a leading company in the intelligent manufacturing industry and a Top 500 Enterprises of China. Through integration with ERP systems of Company S, Multi-tier AR Transfer Cloud delivers fully automatic transmission of data, accounts payable management, and fund allocation for Company S, enabling its suppliers to receive convenient and low-cost supply chain financing while helping Company S achieve digitalized supply chain management. The Digipo, which represents tier-1 suppliers' accounts receivable due from Company S, has been used by multi-tier suppliers along the supply chain for payment and financing purposes, and reached as deep as seventh-tier suppliers of Company S. Financial institutions and suppliers are able to track the status of each transfer and processing of supply chain assets as they are recorded on blockchain. The platform made it possible for deep-tier suppliers to leverage Company S' credit profile to access low-cost financing from a number of banks such as Standard Chartered Bank and Bank of China. As of September 30, 2020, Company S had helped approximately 1,000 of its suppliers to obtain financing with the financing cost as low as 3.8%. As of September 30, 2020, the value of supply chain assets processed on the platform totaled nearly RMB3.7 billion and the financing offered to suppliers through the platform amounted to over RMB1.9 billion.

FI Cloud

FI Cloud provides a broad range of innovative solutions designed to help financial institutions digitalize, automate and streamline their supply chain financing services, primarily consisting of (1) ABS Cloud and (2) eChain Cloud. In 2018 and 2019 and for the nine months ended September 30, 2020, the total volume of supply chain assets processed by our FI cloud amounted to RMB20,266.4 million, RMB37,663.0 million and RMB41,518.2 million, respectively. In 2018 and 2019 and for the nine months ended September 30, 2020, the number of our FI Cloud customers amounted to 23, 53 and 79, respectively. During the same periods, the revenue and income generated from FI Cloud amounted to RMB276.9 million, RMB313.3 million and RMB335.5 million, respectively, representing 72.3%, 44.8% and 41.5% of our total revenue and income during the same periods, respectively.

ABS Cloud

ABS Cloud is a blockchain-powered intelligent platform that helps financial institutions participating in securitization offerings, primarily including securities firms, trust companies as well as commercial banks, manage the full lifecycle of supply chain asset securitization, where supply chain assets are packaged into securitized products, mainly including ABS or ABN. The key solutions offered on ABS Cloud include creation of asset pools, collaborative due diligence and documents review, packaging of assets and maturity management and analytics tools. According to CIC, we are the pioneer among the major industry players in China that offer integrated online management solutions for securitized products backed by supply chain assets. In 2018 and 2019 and for the nine months ended September 30, 2020, the total volume of supply chain assets processed by ABS Cloud for the financial institution customers with whom we enter into revenue-generating contracts amounted to RMB20,106.4 million, RMB31,274.0 million and RMB24,650.1 million, respectively.

The key functions of ABS Cloud include the following:

- ***Creation of asset pools.*** ABS Cloud automatically imports a variety of structured data with respect to supply chain assets, including those processed by AMS Cloud. For a detailed discussion of our AMS Cloud, see "– Our Solutions – Our Supply Chain Finance Technology Solutions – Anchor Cloud – AMS Cloud." Equipped with our core data-analytic capabilities, it effectively creates asset pools based on an array of asset categorization criteria such as maturity dates, underlying transaction types, industry sectors in which the anchor enterprises or the suppliers operate, as well as investors' risk preferences.

- ***Collaborative due diligence and documents review.*** ABS Cloud enables participants involved in securitization transactions, including the financial institutions acting as the underwriters, law firms, rating agencies, accounting firms to access and co-review information relating to the underlying supply chain assets via their respective user-interfaces to simultaneously perform due diligence, necessary regulatory review and internal risk control procedures. ABS Cloud also features real-time commenting function to allow these participants to instantly tag and provide feedback on the underlying supply chain assets. As such transaction data is all recorded on the blockchain-enabled immutable ledgers, ABS Cloud helps improve data creditability, and can effectively facilitate the documents review from these participants. ABS Cloud is also open to prospective investors, such as commercial banks and insurance companies, that are selected and invited by us or the underwriters in the securitization transactions. We give unique credentials to prospective investors who are interested in specific securitization transactions to allow them to inspect only those information and documents relating to such transactions. The offering and sales of the securitized products is completed between the underwriters and the investors separately outside of ABS Cloud.

- ***Packaging of assets.*** To package eligible assets into securitized products, ABS Cloud performs comprehensive analysis around the quality of the supply chain assets. For instance, to facilitate the review by different participants involved in securitization offerings, it generates visualized analysis reports with a number of key indicators disclosed pursuant to regulatory requirements, such as concentration level of the sellers and buyers, volume of connected transactions, or whether the supply chain assets are subject to any disputes or lawsuits. After the asset review, the eligible assets from the asset pools will be packaged into quality securitized products ready to be purchased by third-party investors.

- ***Maturity management and analytics tools.*** ABS Cloud is able to achieve automated subsititution of supply chain assets in asset pools pursuant to pre-established rules. For instance, it can create multiple asset pools with similar criteria, and replace the matured assets in one asset pool with new eligible assets, allowing the third-party investors to manage investments with different maturity profiles more effectively. ABS Cloud sends timely notification to the relevant parties before asset maturity. It also offers intelligent toolkit that provides a wide array of functions ranging from estimating the issue size of the financial instruments and calculating the purchase price.

We believe ABS Cloud offers the following key benefits:

- ***Efficiency and convenience.*** ABS Cloud adopts fully automated and online workflows, allowing financial institutions to execute the securitization offerings efficiently and cost-effectively. In addition, ABS Cloud is integrated with a variety of toolkits to drive efficiency across the key aspects of the securitization of supply chain assets. For instance, it offers smart widgets to calculate an appropriate discount rate on the supply chain assets or to conduct comprehensive connected transaction search.

- ***Transparency and data credibility.*** ABS Cloud utilizes blockchain technology to ensure the authenticity, accuracy and immutability of data relating to supply chain assets. For instance, ABS Cloud creates transparent, verifiable digital records of transaction information, supply chain assets as well as identities of transaction parties, which significantly enhances the level of trust among all participants of securitized products offering. It maintains records of information relating to securitized products, suppliers and supply chain assets in a visualized and easy-to-access format, allowing financial institutions and other participants to inspect during or after the offerings of the securitized products. This eliminates the heavy burden of bulk document printing and enables law firms, investors or other participants to conveniently view or download the transaction documents, due diligence reports and other information relating to the securitized products. ABS Cloud also leverages our advanced AI technology to enable financial institutions to automatically review supply chain assets and related transaction documents as well as perform post-issuance risk analysis.

With these key benefits, our ABS Cloud help financial institutions digitalize and optimize the securitization of supply chain assets, allowing them to effectively determine the qualification of supply chain assets and the eligibility of anchor enterprises who participate in securitization offerings.

The following screenshot illustrates the dashboard and interface of our ABS Cloud available for our financial institution partners.

As part of our end-to-end solutions to our customers and to ensure superior user experience, in a typical securitization offering, the underlying assets, mostly suppliers' accounts receivable due from anchor enterprises, will first be transferred from the suppliers to one of our affiliated companies for a short period of time before passed on to an SPV formed specifically for the securitization offering. These assets will then be packaged into securitized products and issued on stock exchanges or inter-bank markets, or sold directly to financial institutions. The issuance on stock exchanges and inter-bank markets typically requires a pre-approved issuance quota, and, as of the Latest Practicable Date, the pre-approved issuance quota for our customers and partners amounted to over RMB700 billion.

Typically, the acquisition of the underlying assets is financed by (i) the anchor enterprises or their affiliates, (ii) short-term bridge loans that we borrow from third-party financial institutions or (iii) using our own capital. The process beginning from the acquisition of underlying assets and ending the receipt of the proceeds from the securitization offerings is called "warehousing," and, in the event that the asset acquisition is financed by short-term bridge loans or our own capital, the warehousing process is generally completed within one to two weeks. In the event of bridge loan financing, we typically enter into arrangements with the funding partners and the anchor enterprises, pursuant to which we repay the loans borrowed from funding partners (i) using the proceeds from the securitization offerings, and, (ii) if the offering turns out unsuccessful due to adverse market conditions, using the amount paid to us by the anchor enterprises. In the latter case, the anchor enterprises shall transfer the amount to us before we repay the loans since, pursuant to the aforementioned agreements, their accounts receivable due to suppliers shall become due immediately or they are required to repurchase the accounts receivable from us. For a detailed discussion of our credit risks associated with securitization offerings, see the section headed "Risk Factors – Risks relating to Our Business and Industry – We may be subject to risks in connection with the warehoused accounts receivable in the securitization offerings enabled by ABS Cloud" of this document.

We selectively partner with large-scale anchor enterprises that typically have credit rating of AA+ or above. Since launch, there have been no credit defaults or overdue historically for the securitization offerings enabled by our ABS Cloud, and none of these assets is reported to be subject to any lawsuits and legal disputes or involved in fraudulent transactions.

Case Study – Company P

Company P is one of the leading securities firms in China, especially in the area of securitization offerings. Our collaboration with Company P began as early as 2017, when we were engaged by Company P to provide a variety of services relating to its securitization offering business, such as asset inspection, asset pool management and maturity management. ABS Cloud enables Company P to drive efficiency and enhanced risk management to the securitization offerings it facilitated. As of September 30, 2020, we had helped Company P complete 43 securitization offerings and serve 10 anchor enterprises and over 4,000 suppliers who participate in these securitization offerings. As of September 30, 2020, the volume of supply chain assets processed by ABS Cloud for Company P totaled approximately RMB23.9 billion.

eChain Cloud

eChain Cloud is a combination of pre-built microservices that provide banks, trust companies, factoring companies and other financial institutions seeking to enhance their supply chain finance capabilities with a variety of customized and integrated technology solutions, such as automated transaction verification, blockchain-enabled transfer of supply chain assets and use case-specific solutions. In 2018 and 2019 and for the nine months ended September 30, 2020, the total volume of supply chain assets processed by our eChain Cloud amounted to RMB160.0 million, RMB6,389.0 million and RMB16,868.2 million, respectively. During the same periods, the number of our customers for eChain Cloud amounted to 1, 12 and 21, respectively.

eChain Cloud is designed to help financial institutions to enhance their technology capabilities for supply chain finance services, achieve digital transformation of their workflows and improve their ability to develop in-house technology infrastructures. eChain Cloud enables them to streamline all the key aspects of supply chain finance workflows as they can access a variety of our key modules through tailor-made user interface, such as asset collection, asset verification, asset packaging, asset transfer, intelligent contract and automated registration of asset transfer. While traditionally supply chain data is buried in silos across different systems and databases, eChain Cloud can be easily integrated with financial institutions' existing core operation systems and helps them break information silos and turn unstructured data into actionable insights.

As a cloud-based solution, eChain Cloud can be either accessed through a plug-and-play model or customized and integrated deeply into our customers' existing systems, which allows them to pick and choose the modules most suitable for their operation needs and build technology solutions under their own brand names through a white-label approach.

The combination of these modules primarily delivers the following key functionalities and features:

- ***Automated transaction verification.*** eChain Cloud provides a suite of functionalities that help financial institutions automatically and effectively inspect and authenticate the invoices, transactions background and the information relating to underlying transactions. For instance, financial institutions utilize asset collection module and asset verification module to cross-check the documents and information submitted by suppliers or anchor enterprises, and perform a comprehensive analysis with respect to the supply chain assets.

- ***Blockchain-powered transfer of supply chain assets.*** Using this module, eChain Cloud enables financial institutions to offer end-to-end financing options to deep-tier suppliers in the supply chain. It creates digital representation of suppliers' accounts receivable (Digipo), which can be used by suppliers to leverage anchor enterprises' credit profiles and meet liquidity needs by settling their own payment obligations or applying for financing. For a detailed discussion of the digital representation of accounts receivable, see "Our Solutions – Our Supply Chain Finance Technology Solutions – Anchor Cloud – Multi-tier AR Transfer Cloud" of this section.

- ***Use case-specific solutions.*** eChain Cloud delivers other modules tailored specifically for some of the most critical needs, and use cases in supply chain management. For example, asset packaging module enables factoring companies to automatically package the underlying assets according to the pre-set criteria established by the third-party investors. It also allows the anchor enterprises and their affiliated factoring companies to achieve real-time information exchange and processing with anchor enterprises through system integration.

Case Study – Bank S

Bank S is one of the top 20 commercial banks in China. Deploying our eChain Cloud through a white-label approach, we worked with Bank S to develop a technology platform under its own brand name, *Bank S eChain*, which supports transfer of supply chain assets by suppliers. *Bank S eChain* helps Bank S digitalize its supply chain finance system and offers value-added services for its customers. Through the platform, Bank S has connected with various anchor enterprises and their respective suppliers and provided liquidity for suppliers. As of September 30, 2020, Bank S had enrolled a total of 38 anchor enterprises on *Bank S eChain* and extended a total financing of over RMB3.1 billion to nearly 2,000 suppliers of those anchor enterprises.

Emerging Solutions

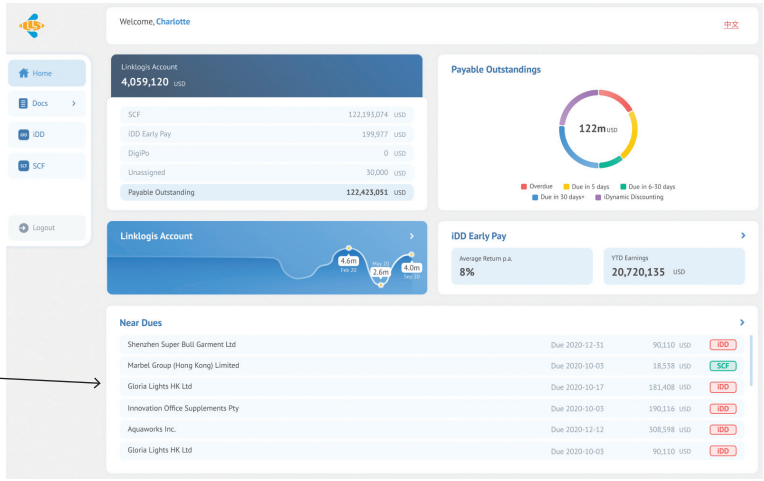
We have launched a wide range of innovative, new Emerging Solutions that supplement and enrich our existing supply chain finance technology solutions, primarily consisting of (1) Cross-border Cloud and (2) SME Credit Tech Solutions. We generate a portion of our total revenue from our Emerging Solutions by charging service fees pursuant to the agreements between us and our customers. These service fees are usually expressed a percentage of the volume of supply chain assets processed (in the case of Cross-border Cloud), or the amount of financing extended by the financing institutions (in the case of SME Credit Tech Solutions). As our Emerging Solutions are in their early stage of development, in order to amass sufficient data to train our algorithm and demonstrate their reliability and robustness to our customers, we have used our own capital to fund some of the financing transactions enabled by our Emerging Solutions, in which case we generate revenues from the interest income earned on these transactions.

Cross-border Cloud

Cross-border Cloud provides a suite of intelligent solutions that help anchor enterprises and financial institutions facilitate supply chain payment and financing for corporates engaged in cross-border trade activities. In 2019 and for the nine months ended September 30, 2020, the total volume of supply chain assets processed by Cross-border Cloud amounted to RMB303.8 million and RMB2,894.9 million, respectively. In 2019 and for the nine months ended September 30, 2020, our Cross-border Cloud served 7 and 18 anchor enterprises who mainly located in Europe and U.S. and nil and five financial institutions, respectively. During the same periods, the revenue and income generated from Cross-border Cloud amounted to RMB2.2 million and RMB15.4 million, respectively, representing 0.3% and 1.9% of the total revenue and income during the same periods, respectively. According to CIC, Cross-border Cloud is the first blockchain-based technology solution in China designed to facilitate cross-border supply chain financing.

We have implemented a "go early, go deep" strategy for our Cross-border Cloud which aims to offer supply chain financing at early stage of trades and covers deep-tier suppliers. Leveraging data-driven risk management capabilities, Cross-border Cloud enables financial institutions to verify the background of international trades and extend supply chain financing to suppliers at a fairly early stage of international trades, such as once the anchor enterprises issue their purchase order or the goods have been shipped to importers. It also records the data relating to supply chain assets and transactions on a blockchain-powered digital ledger, enabling deep-tier suppliers along the cross-border supply chains to obtain financing through the use of digital representation of accounts receivable due from anchor enterprises.

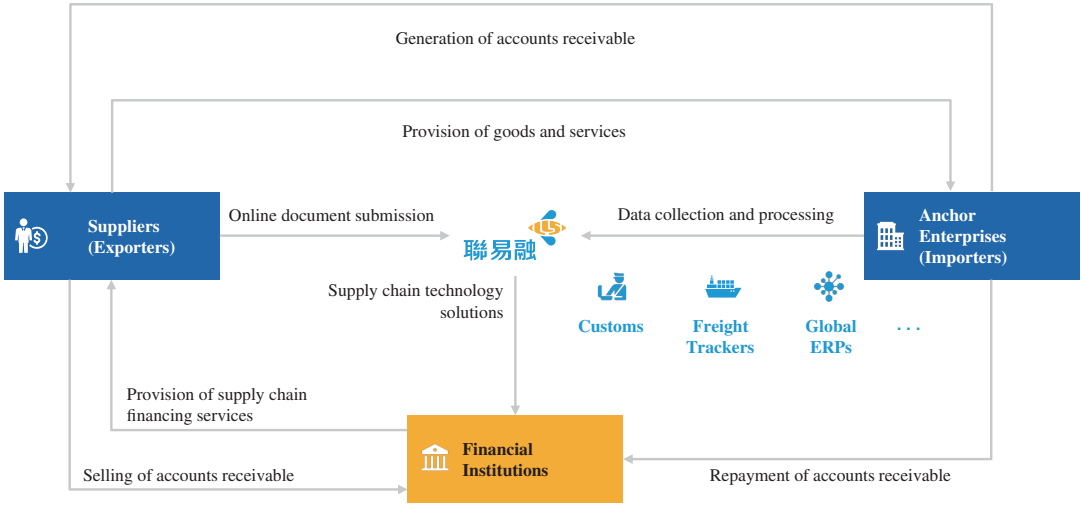
The following screenshot illustrates the dashboard and interface of our Cross-border Cloud.



Cross-border Cloud increases our service coverage and expands innovative use cases to capitalize on the value of supply chain data globally. Currently, Cross-border Cloud serves suppliers across 14 countries and regions. Although it was launched very recently, our Cross-border Cloud has been recognized for its value propositions and technology innovations in overseas markets. For instance, on December 4, 2020, the Monetary Authority of Singapore announced to grant the license to operate digital wholesale bank in Singapore to a consortium comprising our Hong Kong subsidiary, Linklogis Hong Kong Limited, and two of our strategic partners in recognition of the compelling value propositions of our business model, technology innovation and growth prospects. This makes the consortium one of the two successful digital wholesale bank applicants out of the total of 14 eligible applicants.

As a cloud-based solution, Cross-border Cloud can be either accessed through a plug-and-play model or customized and integrated deeply into our customers' existing systems.

The following simplified diagram illustrates how our Cross-border Cloud serves the key workflows and participants in international trades.



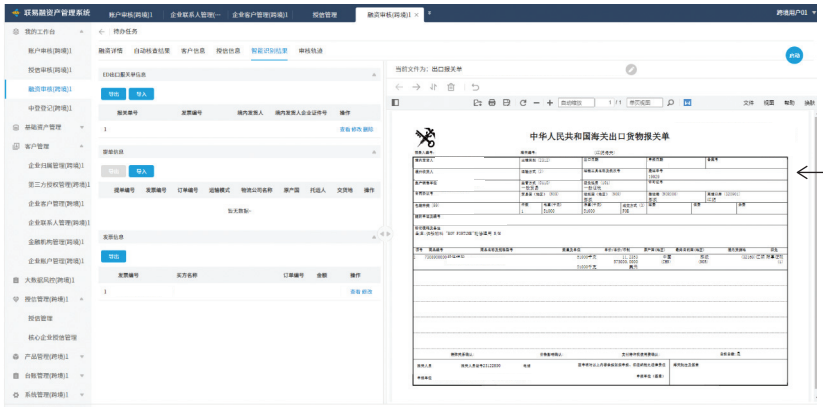
Our Cross-border Cloud include the following key modules.

- ***Transaction information checks.*** This module enables financial institutions to leverage data retrieved from international B2B platforms and other reliable third-party sources, such as customs of importing or exporting countries and shipping companies, to authenticate the background of the international trades.

- ***KYC checks.*** Using this module, financial institutions are able to complete KYC checks on exporters and importers using aggregated data from importing or exporting countries' governmental databases.

- ***Intelligent contract.*** This module enables transaction parties and financial institutions to get easy access to e-signature service provided by China Financial Certification Authority, allowing them to use verified digital signatures to sign contracts electronically.

- ***Automated documents verification.*** Cross-border Cloud deploys machine-learning algorithm to automate the checking of invoices, bills of lading and other international trade documents. As illustrated by the following screenshot, Cross-border Cloud utilizes OCR technology to automatically extract the key information from trading documents and helps financial institutions verify the custom declaration forms in international trades using the data retrieved from foreign customs.



- ***Enablement of Paperless Cross-border Payment Process.*** By connecting with China International Trade Single Window, Cross-border Cloud offers paperless solutions to banks that help facilitate cross-border payment of importers.

- ***Digitalization of supply chain assets***. Once anchor enterprises approve their transactions with suppliers, Cross-border Cloud is able to create digital representation of accounts receivable, which suppliers can use to settle their own payment obligations or to obtain financing from financial institutions. For a detailed discussion of the digital representation of accounts receivable, see "– Our Solutions – Our Supply Chain Finance Technology Solutions – Multi-tier AR Transfer Cloud" of this section.

- ***Status tracking.*** Our data analytics allow our customers to achieve seamless data exchange, such as automatically sending the request for validation of the underlying assets to anchor enterprises. It also enables real-time tracking of shipping status and the invoice status across multiple countries and regions.

- ***Risk alerts.*** This module helps financial institutions to monitor the post-financing performance and receive automatic risk alerts when any pre-set indicator is triggered.

Through the combination of these modules, Cross-border Cloud enables anchor enterprises and financial institutions to achieve digitalized supply chain finance solution as well as trade operational and risk management solution. In addition, it allows suppliers to rely on anchor enterprises' credit profiles to enjoy convenient financing with a reduced cost which typically ranges between 5% to 7%.

We generate a portion of our total revenue from Cross-border Cloud by charging service fees which are usually expressed as a percentage of the volume of supply chain assets processed using Cross-border Cloud. As Cross-border Cloud is in its early stage of development, in order to amass sufficient data to train our algorithm and demonstrate their reliability and robustness to our customers, we have sometimes used our own capital to fund the financing transactions enabled by Cross-border Cloud by acquiring from suppliers their accounts receivable due from anchor enterprises. We refer to the financing funded using our own capital as "self-funded" financing transactions. To build long-term working relations with financial institutions, we sometimes run on a pilot stage at the beginning of our service where we purchase accounts receivable from the suppliers and then pass on those accounts receivable to the financial institutions with recourse to us, giving them the right to seek from us the outstanding payments in the event of a default or late payment by the anchor enterprises. We refer to the financing transactions covered by the foregoing contractual arrangements as "covered" financing transactions. The volume of the self-funded and covered financing transactions originated in 2019 and for the nine months ended September 30, 2020 were RMB303.8 million and RMB1,666.8 million, respectively. Since its launch, there have been no credit defaults or overdue historically for these financing transactions enabled by Cross-border Cloud.

Case Study – Company U

We started our cooperation with Company U since 2020, who is a leading American brand and manufacturer of sports products and apparel. Cross-border Cloud streamlines Company U's supply chain management by offering better visibility into data flows and information transparency. By integrating with Company U's ERP system through our partnership with international B2B platforms, Cross-border Cloud enables financial institutions and the participants in Company U's supply chains to obtain complete, authentic and reliable data relating to Company U's supply chain and suppliers, which bridges the information gap that typically exists in the traditional cross-border supply chain finance process. Cross-border Cloud also makes it possible for Company U's suppliers in Singapore, Hong Kong and Honduras to obtain convenient and low-cost financing at an average financing cost of 5.2%, thus increasing the supply chain's stability for Company U.

As of September 30, 2020, through our collaboration with Company U on Cross-border Cloud, Company U's suppliers had received the total financing size of US$56 million based on accounts receivable due from Company U with an average term of 68 days.

SME Credit Tech Solutions

Our SME Credit Tech Solutions are comprised of an array of data-driven risk analytics solutions that help financial institutions provide financing for anchor enterprises' SME suppliers and distributors based on information and data in the supply chain ecosystem in a secure and efficient manner. In 2018 and 2019 and for the nine months ended September 30, 2020, the total amount of financing enabled by our SME Credit Tech Solutions amounted to RMB907.6 million, RMB5,632.0 million and RMB1,905.5 million, respectively. During the same periods, the revenue and income generated from SME Credit Tech Solutions amounted to RMB16.8 million, RMB95.7 million and RMB65.3 million, respectively, representing 4.4%, 13.7% and 8.1% of the total revenue and income during the same periods, respectively.

SME Credit Tech Solutions enable financial institutions to reach a wider customer base through the convenient Weixin Mini Program interface. In 2018 and 2019 and for the nine months ended September 30, 2020, our SME Credit Tech Solutions served 4, 32, and 40 financial institutions, respectively. We also offer SME Credit Tech Solutions as a white-label application that can be easily customized by financial institutions with functions and interfaces tailored for specific audiences and use cases.

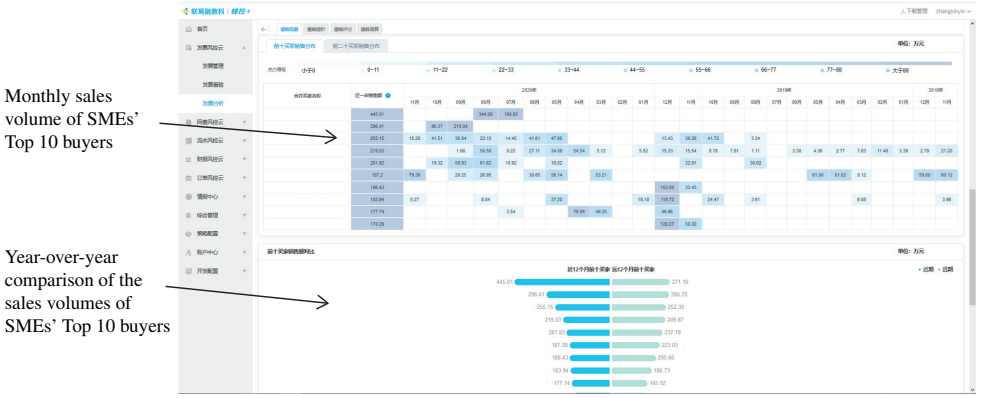
SME Credit Tech Solutions make invoice-based financing as simple and fast as making a purchase online. Using SME Credit Tech Solutions, financial institutions serve their SME customers through the following key steps.

- ***Borrower acquisition.*** Our deep relationships with anchor enterprises and B2B marketplaces allow us to reach their SME suppliers and distributors along the supply chains in a cost-effective way, which represents an extensive potential borrower base for financial institution. For the nine months ended September 30, 2020, we collaborate with 22 anchor enterprises and 34 B2B platforms to acquire borrowers for financial institutions, respectively.

- ***Financing application.*** Through convenient Weixin Mini-Program interface, SMEs can apply for financing and choose to (1) upload photocopies of one or more invoices, (2) submit all of their invoices through our proprietary invoice collection module (see "Data-driven risk management" below) or (3) provide extra credit enhancements in addition to the invoices, such as pledge of commercial bills, endorsements by anchor enterprises, and guarantees provided by third parties.

- ***Data-driven risk management.*** SME Credit Tech Solutions feature our proprietary data-driven risk management solution that help financial institutions digitalize and streamline the risk profiling process using the information with respect to SMEs retrieved from a variety of sources, including but not limited to their historical business and financial performance, their transaction parties and their operation stability.

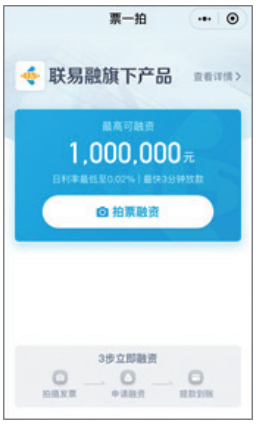
  As illustrated by the following screenshot, our risk management solution enables financial institutions to generate actionable insights for more accurate and efficient risk profiling and bridge the information gap due to information asymmetry, which helps them build a holistic analysis for SMEs' financing applications.



SME Credit Tech Solutions also provide an invoice collection module, which, upon SMEs' authorization, download data directly from their internal tax filing systems. This module could automatically analyze information retrieved from the invoices stored on SMEs' internal systems, therefore providing financial institutions with better understanding of SMEs' financial performance and operation results and effectively enhancing the risk analysis in the invoice-based financing. As of September 30, 2020, the total amount recorded on the invoices collected and analyzed by SME Credit Tech Solutions was approximately RMB3.8 trillion.

During the Track Record Period, the maximum amount of financing that can be extended to each SME through SME Credit Tech Solutions is (1) RMB500,000, with an average annualized percent rate of 13.9% and an average term of three months, if SMEs upload the photocopy(ies) of one or more invoices; (2) RMB1,000,000, with an average annualized percent rate of 17.8% and an average term of three months, if SMEs submit all of their invoices through the invoice collection module; (3) RMB10,000,000, with an average annualized percent rate of 14.3% and an average term of six months, if SMEs provide extra collateral to support their financing application, such as pledge of commercial bills. Currently, the annualized percent rate of the financing extended to the SMEs does not exceed 15.4%, which is four times of China's benchmark one-year loan prime rate.

The following screenshot illustrates how our SME Credit Tech Solutions help SMEs apply for financing through the convenient Weixin Mini-Program interface.



1. Upload Invoice

2. Initiate Financing

3. Verify Identity

4. Confirm Amount and e-Sign

5. Authenticate via Facial Recognition

6. Complete Fund Application

We generate a portion of our total revenues from SME Credit Tech Solutions by charging service fees which are usually expressed as a percentage of the amount of financing extended by the financial institutions. In order to amass sufficient data to train our algorithm and demonstrate their reliability and robustness to our customers, we have in certain circumstances used our own capital to fund the financing transactions enabled by SME Credit Tech Solutions, in which case we generate revenues from the interest income earned on these transactions. We also sometimes undertake to protect financial institutions against losses on the financing they extend to SMEs through SME Credit Tech Solutions. We refer to these financing transactions as self-funded and covered financing transactions. The volume of self-funded and covered financing transactions originated in 2018 and 2019 and for the nine months ended September 30, 2020 amounted to RMB907.6 million, RMB2,883.5 million and RMB1,450.7 million, respectively. For a detailed discussion of our credit risks associated with these financing transactions, see "Risk Factors – Risks relating to Our Business and Industry – We are exposed to credit risks associated with certain offerings of our Emerging Solutions" of this document.

Case Study – Company C

Company C is one of the largest grain, oil and food company in China and a Fortune Global 500 company. To help address the liquidity challenges faced by Company C's distributors, we integrate our SME Credit Tech Solutions with internal systems of the Company C's affiliated trust company through a white-label approach. The platform allows Company C's downstream distributors to log into the personal computer interface of SME Credit Tech Solutions and quickly initiate financing applications. Combining with Company C's transaction data and industry experience accumulated over years, our customized risk management solutions help trust companies affiliated with Company C conduct risk profiling for Company C's distributors through automated screening and risk management. Therefore, Company C's distributors are able to efficiently obtain low-cost financing at an average financing cost of 10.1% and an average term of five months, significantly optimizing their capital turnover efficiency. As of September 30, 2020, we helped provide financing of close to RMB40 million to Company C's distributors with zero defaults.

RESEARCH AND DEVELOPMENT

Technology innovation is the key to our success. Since inception, we have invested significantly in strengthening our research and development capacities to support our existing business, products and service offerings while adding new features and functionalities to existing solutions. In 2018 and 2019 and for the nine months ended September 30, 2020, we incurred RMB41.3 million, RMB59.9 million and RMB79.2 million of research and development expenses, respectively, representing 10.8%, 8.6% and 9.8% of our total revenue and income during the same periods.

As of September 30, 2020, we had a team of 341 experienced technology professionals, representing 62% of our total staff. We develop our R&D team with carefully selected talents whose expertise spans a wide range of subject areas, such as AI, blockchain, big data and cloud. We divide the R&D talent pool into lean and agile R&D forces consisting of 6 to 8 members, each of whom is specialized in areas ranging from software design, product development, performance testing to operation maintenance. As a result, these R&D forces are equipped with a comprehensive set of technology capacities, allowing them to efficiently build customized solutions catering to customers' needs.

As a result of our continuous investments in our R&D capacities, we have earned industry-wide recognition for our leading position as an innovator from PRC governmental authorities as well as international authorities and trade associations. For instance, we have been awarded the Shenzhen Fintech Special Award for our AI-powered intelligent asset inspection platform for supply chain finance business by Financial Supervision and Administration Bureau of the Shenzhen Municipal Government in November 2019 and the Excellent Finance Innovation Project for our market-first online cross-border trade finance platform by Shenzhen Qianhai Deep Harbor Modern Service Industry Zone Management Bureau in December 2020, respectively. In addition, we have recently been certified by the assessment in three aspects in function, safety and supply chain finance conducted by Trusted Blockchain Initiatives Evaluation Expert Panel of Ministry of Industry and Information Technology in December 2020, as one of the only two enterprises that have been certified with respect to supply chain finance assessment. We have also earned the Certificate of Achievement issued by CMMI

Institute Partner in September 2019, which proves we have successfully achieved CMMI-DEV v1.3 Maturity Level 3. For a detailed discussion of the award and recognitions we have received, see "– Awards and Recognition" of this document.

In September 2020, we officially launched our second R&D center in Wuhan, Hubei Province to enhance and expand our R&D capabilities by leveraging the local R&D talent resources. We intend to build our technology development center, hardware center, and operation center in Wuhan R&D center. As of September 30, 2020, this new R&D center was home to over 30 R&D specialists.

OUR TECHNOLOGY

Our technology solutions are supported by (1) the integration of our modularized capabilities, (2) our proprietary technology stacks and (3) our Programming Platforms. The integration of our modularized capabilities consists of the commonly used capabilities and the customized functions in our supply chain finance technology solutions. Our proprietary technology stacks include our crucial underpinning technologies, such as artificial intelligence, blockchain, big data and cloud, as well as our capabilities to deploy these technologies into our technology solutions. We have also developed 6 cloud-native Programming Platforms that encompass all the necessary components relating to the development of software and technologies.

Leveraging our cloud-native low-coding capabilities, we continue to develop and optimize our technologies through modularized construction, allowing us to offer and upgrade our plug-and-play solutions in an efficient manner. Supported by our technologies and light deployment model, we help our customers and partners upgrade and innovate their systems and solutions and deepen the connectivity along the supply chain.

Modularized Capabilities

Our technology solutions consist of a wide and growing library of microservices that are purpose-built for the most common technologies and processes in the supply chain finance industry, such as rule-configuration, AI voicebot and e-contract signing. These microservices are all modularized, uncoupled, and pre-coded to be easily pulled and used out-of-the-box as building blocks to quickly deliver our proprietary solutions for customers' specific requirements and preferences, without the need for us to write the code from scratch. As of September 30, 2020, we had developed approximately 580 microservices.

Proprietary Technology Stacks

Our modularized capabilities are supported by the following proprietary technology stacks.

Artificial Intelligence

We deploy AI technology into our key service offerings and business process to drive intelligence and efficiency, therefore delivering the value propositions to the ecosystem stakeholders in the supply chain finance sector.

We have continuously developed our AI capabilities with a strategic focus on the following applications.

- ***Image recognition/OCR.*** OCR technology allows us to efficiently recognize massive volumes of writings or textual transaction documents. We develop our proprietary OCR technology specifically to achieve the accurate recognition of critical information from

supply chain documents, such as contracts, invoices, business orders, and bills of lading. Our industry-leading OCR technology allows us to automatically process general documents and legal and contractual documents with an accuracy rate of over 95% and over 90%, respectively, one of the highest caliber in the industry, according to CIC.

- ***NLP.*** We use NLP algorithms and our contextual analysis engine to analyze, sort, extract, classify, and process the content of transaction documents. We use these algorithms to extract structured data logic from unstructured documents or other information sources, so that it can be processed and analyzed effectively. Our NLP algorithms are specifically designed to understand and analyze languages and their usage in various business scenarios in the supply chain finance sector. They enable the extraction of information, such as entities, individuals, transactions and legal terms, accurately and automatically from vast amounts of text. Our NLP technology is able to analyze the information on legal and contractual documents with an accuracy rate of over 92%, significantly higher than most of our peers according to CIC.

- ***Supply Chain Knowledge Graph.*** Supported by AI technology and big data, the supply chain knowledge graph provides us with a digitalized graph where each participant in the supply chain is represented as a node and the connectivity among those participants are described as edges. The supply chain knowledge graph is able to visualize multidimensional information relating to the participants in the supply chain, such as their business scope, business operation risks, judicial risks, intellectual property and financial information. Therefore, benefitting from the integrated information on a single knowledge graph, we can provide our customers with a wide range of intelligent services to facilitate their decision-making process in the underlying transactions, such as business and financial risks prediction and public opinion analysis.

Blockchain

We pioneered the real-life application of blockchain technology across the traditional supply chain finance industry. We leverage a range of blockchain technology combining advanced cryptography, peer-to-peer communications and smart contracts to ensure trust, transparency and security in supply chain finance transactions. Using data-sharing algorithm and encryption, blockchain technology enables anchor enterprises and suppliers to record their underlying transactions and the accounts receivable on immutable digital ledgers, thus establishing a reliable transaction trail that brings security and transparency across the supply chain finance ecosystem. This technology is widely deployed in a number of our solutions, including Multi-tier AR Transfer Cloud, ABS Cloud, eChain Cloud, and Cross-border Cloud, which are delivered to anchor enterprises or financial institutions as cloud-based solution that can either run on a standalone basis or are integrated with their existing systems. For instance, we utilize blockchain infrastructure to build Multi-tier AR Transfer Cloud, where suppliers' accounts receivable is recorded on the distributed ledger to create Digipo. Since Digipo authenticates the transactions between the tier-1 suppliers, multi-tier suppliers and anchor enterprises across the entire supply chain, suppliers may use them to leverage anchor enterprises' credit profiles and meet their own varying financing needs, such as settling their payment obligation with upstream suppliers or obtain financing from funding providers.

Big Data

We benefit from the usage of big data technology, which is the use of advanced analytic techniques against very large, diverse data sets from different sources. We deploy our big data technology in our Emerging Solutions to allow our customers to authenticate the background of underlying transactions and generate insights into supply chains to make more informed

business and financing decisions that would otherwise be impossible with traditional paper-based processes. We deploy big data technology across our technology solutions, allowing our customers to leverage a wide range of data from reliable sources to enhance their risk management capabilities.

Cloud

Our cloud-based technologies allow us to process large volumes of data on a real-time basis, at the same time ensuring high-speed and stable performances to accommodate and support the increased complexity and diversity of our business operations. We use cloud-native technologies to ensure the flexibility and safety of our systems and data, as well as enable loosely coupled systems that are fault-tolerant, manageable and observable. One of the key benefits of these technologies is to allow our software engineers to stay focused on the development of business logic of our systems and expedite the system optimization and upgrade, with minimum efforts spent on low-level details, such as system maintenance and monitoring of database management system. For example, a number of our key technology capabilities are delivered to our customers as cloud-based solutions that can run on a standalone basis or are integrated into our customers' existing systems, such as AMS Cloud, ABS Cloud and Multi-tier AR Transfer Cloud. This allows us to greatly improve the user experience of our customers, enhance the marketability of our solutions compared to the on-premise deployment model, as well as decrease our capital expenditure incurred with respect to hardware investments.

Programming Platforms

To further increase our operational efficiency, we have developed 6 cloud-native Programming Platforms that encompass all the necessary components, including application programming languages and libraries required by programmers and developers to author, compile, debug and execute the development of software and technologies. Our Programming Platforms include Mockplus prototype library, code generators, component library, software testing center, maintenance center and development and operation center. Utilizing cloud-native technology, our in-house engineering team develops these platforms on a highly automated, scalable and available underpinning infrastructure using efficient build automation tools. These cloud-native platforms help us achieve effortless, collaborative and agile application development by producing the fundamental tools used in coding, testing, programming and the maintenance of our systems. Leveraging these programming platforms, we are able to continuously and efficiently upgrade our technology solutions adapting to the evolving technology developments in China's supply chain finance technology solution sector, evidenced by over 300 versions of our technology solutions we have released as of September 30, 2020.

OUR RELATIONSHIP WITH STRATEGIC SHAREHOLDERS

We benefit significantly from our strategic cooperation that we have developed with our shareholders.

For instance, we started business cooperation with Tencent in the field of supply chain finance technology since 2018. We entered into the "Supply Chain Finance Platform Strategic Cooperation Agreement" with Shenzhen Tencent Computer System Co. Ltd. in 2018 to establish strategic collaborations in the field of supply chain finance technology solutions and in application of blockchain as strategic partners. Pursuant to the cooperation agreement, we agreed to cooperate in technology and product development, customer promotion and business development. Through these collaboration efforts, we and Tencent plan to develop more comprehensive supply chain finance technology solutions for the market through close interaction and resource sharing given our complementary advantages. At the business level, we and Tencent have jointly implemented a number of projects offering supply chain finance

technology solutions for anchor enterprises and financial institutions. At the technology level, Tencent supports us with their leading technology capabilities such as Tencent Cloud's finance-cloud infrastructures, Tencent's proprietary online payment system, Tenpay, and Tencent's underlying blockchain technology framework.

In addition, we have entered into a memorandum of understanding with Standard Chartered in February 2019 and established an in-depth strategic cooperation in the development of technology solutions for banking services, which features deep-tier supply chain finance, big data-driven risk management, cross-border supply chain process management and overall supply chain finance system upgrade. By leveraging our blockchain technology infrastructure and the bank's own business infrastructure for financing products focused on buyer prepayment services, we have jointly introduced deep-tier supply chain finance products in China, which help streamline the supply chain management process and digitalize and automate the settlement process for anchor enterprises with their upstream suppliers and downstream distributors. We also partner with Standard Chartered to participate in collaborative marketing and brand promotion.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We believe our continued growth rests on integrating social values into our business. Since our inception, we have been dedicated to creating a lasting positive environmental, social, and governance ("**ESG**") impact on our customers, partners and the broader community of participants in the supply chain finance ecosystem.

We integrate ESG considerations into our product and growth decision-making. While traditional supply chain finance processes typically involve a significant amount of paperwork as well as tedious manual processing, we have designed our technology solutions to be digital and cloud-native – this not only allows ourselves and our customers and partners to go paperless with significantly reduced carbon footprint, but also enables more streamlined and traceable workflows to drive long-term efficiency, transparency and productivity.

As one of the many examples of the paperless processes that we enable, we offer ABS Cloud, where participants involved in securitization transactions, including underwriters, law firms, rating agencies, accounting firms, to access and co-review information relating to the underlying supply chain assets via their respective user-interfaces through digital portal, which saves them from the need for printing, delivering and storing large amounts of papers. We estimate that since the inception of our ABS Cloud, it has saved a total of approximately 1,300 tons of papers. For more information, see "– Our Solutions – Our Supply Chain Finance Technology Solutions – FI Cloud – ABS Cloud." Aside from these direct positive impacts, going paperless also provides us with significant indirect benefits, such as an improved reputation as a socially responsible company.

The value of our cloud-based technology solutions is further heightened throughout the COVID-19 pandemic. The plug-and-play, SaaS model that we operate provides our customers and partners with the flexibility needed to tackle unexpected disruptions and challenges caused by the pandemic, and businesses and financial institutions are increasingly using our solutions and technologies to replace many manual, on-site tasks due to COVID-19 related restrictions. We expect this trend to continue post-pandemic, driving digitalization of supply chain finance and the demand for quality technology solutions in the long run.

We currently do not operate any production facilities. We are not subject to significant health, work 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, we had not been subject to any material fines or other penalties due to non-compliance with health, safety or environmental regulations.

SALES AND MARKETING

We primarily sell and market our technology solutions through our in-house direct sales forces, consisting of 89 employees as of September 30, 2020, each with extensive professional knowledge in finance and technology sectors. We also leverage the network effect and word-of-mouth referrals by stakeholders across the supply chain finance ecosystem to strategically expand our market presence and quickly scale up our business in a cost-efficient manner.

With respect to anchor enterprises, for the nine months ended September 30, 2020, we served a total number of 294 anchor enterprises partners, covering 26 of the Top 100 Companies in China. Our anchor enterprise customers include state-owned enterprises, listed companies and other large-scale enterprises spanning across a broad range of industries such as real estate, energy, construction, pharmaceutical, and manufacturing. With respect to financial institutions, for the nine months ended September 30, 2020, we served a total number of 182 financial institution partners consisting of 48 commercial banks, including the Top 20 Largest Commercial Banks in China, as well as 44 securities firms, 24 factoring companies, 19 trust companies, 18 investment fund managers, 4 insurance companies and insurance assets management companies and 25 other financial institutions.

We enjoy the flywheel effect and word-of-mouth referrals by stakeholders across the supply chain finance ecosystem to achieve self-sustained customer acquisition as our customers as partners are increasingly interconnected to each other. For instance, the financial institutions who utilize our technology solutions can connect us to their enterprise customers, who may then become our customers and introduce us to their partnering financial institutions which, in turn, attracts more anchor enterprises to our solutions. Furthermore, our close relationships with anchor enterprise allow us to tap into their large group of suppliers and distributors along the supply chain, increasing the appeal of our solutions to financial institution customers and bringing us a stable and sustainable source of quality supply chain assets. In addition, we expand the market presence of our technology solutions through the referrals of our partnering software vendors and B2B platforms.

We strategically employ the combination of the above sales and marketing strategies to scale up our business and generate revenues, which allows us to achieve the business growth in a cost-effective manner. In 2018 and 2019 and for the nine months ended September 30, 2020, our sales and marketing expenses amounted to RMB42.8 million, RMB68.1 million and RMB60.7 million, respectively, representing 11.2%, 9.7% and 7.5% of our total revenue and income during the same periods, respectively.

RISK MANAGEMENT AND INTERNAL CONTROL

As a technology solution provider in the supply chain finance market, we face a variety of risks in our daily business operations, including operational risk, credit risk, data privacy risk, legal and compliance risk, anti-money laundering and counter-terrorism financing risk, internal control risk and business contingency risk.

To effectively identify and mitigate these risks, we have established a risk management committee which comprises the senior members of our management team across a range of functional departments. To proactively monitor the risks we are faced with and ensure our risk management policies are effectively implemented, our risk management committee is required to attend regular meetings on a monthly basis and arrange ad-hoc meetings whenever necessary. Our risk management committee is responsible for designing and implementing policies and procedures relating to our risk management and internal control that we consider appropriate for our business operations. We are dedicated to continually improving these systems. We adopted and implemented comprehensive risk management policies in various aspects of our business operations, which are tailored to the characteristics of our business operations with a focus on effectively detecting, managing, and controlling the risks through big-data driven risk management, comprehensive due diligence and risk analysis, independent information review and multi-level approval process.

Operational Risk Management

We are primarily faced with operational risks relating to our daily operations. We are also faced with the operational risks associated with technology solutions we offer to our customers.

Operational risks in our daily operations

The primary operational risks in our daily operations arise from inadequate or failed internal controls and systems, human errors, IT system failures or external events. We consider these operational risks to be the key risks in our business and believe that, with adequate operational policies and procedures, these inherent risks can be controlled and mitigated.

We categorize the daily operational risks into five levels according to their seriousness of the potential adverse impact on our operations. We have adopted the respective measures to monitor and control each level of operational risks. The Level 3 to Level 5 operational risks refer to the risks with the potential to cause criminal and civil cases, serious incidents and substantial losses to our customers' funds and our funds or reputations. Depending on the potential adverse impacts, these risks will be reported to our risk management department, heads of business departments and our President, respectively, who will be responsible for handling the operational risks, developing a comprehensive plan to address such operational risks and supervising the risk rectification and implementation of the control measures. Once these risks are effectively addressed, we maintain the rectification reports for future reference and for internal training purposes. The Level 1 and Level 2 operational risks refer to those with the potential to result in minor risks or compliance issues. The manager of operation department shall supervise the rectification of the Level 1 and Level 2 operational risks completed by our internal personnel.

In addition, we also developed a robust and comprehensive risk management system addressing other risks in our daily operations, such as the management of (1) our internal financial records, (2) company chops, seals and signatures, (3) key properties, (4) video recording of our operation process and (5) business files.

Operational risks associated with technology solutions

The satisfactory performance, reliability and availability of our key technology solutions and underlying infrastructures are critical to our operations, customer service, reputation and our ability to retain existing and attract new business partners. We consider the operational risks relating to our technology solutions as one of the key risks in our business.

We are constantly upgrading our solutions to maintain and to improve their performance. We aim to make our operations and our solutions more streamlined, automated and cost-effective by using advanced technologies including AI, blockchain, big data and cloud. We also have a comprehensive data backup system to encrypt and store data on servers in different locations in order to minimize the risk of system error or data loss.

Credit Risk Management

The credit risks faced by us primarily (1) arise from self-funded and covered transactions in Emerging Solutions and (2) in connection with the securitization offerings enabled by ABS Cloud to the extent the offerings are unsuccessful and the anchor enterprises fail to perform their repayment obligation to us in the case that the acquisition of underlying assets is financed by short-term bridge loans we borrowed from third-party funding providers or our own capital.

The credit risks associated with certain of our Emerging Solutions

In some of the financing transactions enabled by our Cross-border Cloud, we either use our own capital to acquire from suppliers their accounts receivable due from anchor enterprises or purchase accounts receivable from the suppliers and pass on those accounts receivable to the financial institutions with recourse to us. As a result, we are subject to credit risk to the extent that the anchor enterprises default on their payment obligations. We address such credit risks associated with Cross-border Cloud by carefully selecting the anchor enterprises that we provided such services with healthy credit profiles, good liquidity position and strong market reputation in international trades.

We are exposed to the credit risks associated with the self-funded and covered transactions extended to SMEs through our SME Credit Tech Solutions. In these financing transactions, we either undertake to protect financial institutions against losses on the financing they extend to SMEs or fund a portion of the financing extended to SMEs using our own capital. For a detailed discussion of these Emerging Solutions, see "– Our Solutions – Emerging Solutions – SME Credit Tech Solutions." We therefore bear the associated credit risks in the event of a default or late payment by the SMEs.

We utilize data-driven risk management measures to effectively recognize, mitigate and manage the credit risks associated with the financing transactions enabled by SME Credit Tech Solutions. We primarily serve SMEs with stable, long-term and healthy relationships with anchor enterprises. To generate insightful analysis on SMEs, we inspect their background information, business trend, the quality of their partnering anchor enterprises, historical performance, market reputation and relative negative information on PRC governmental and judicial databases. We determine the maximum amount we may use to support our self-funded financing transactions based on the information collected from SMEs, including the submitted invoices and a variety of other assessment criteria, such as their locations, credit histories or whether they are involved in any legal proceedings.

The credit risks in connection with the warehoused accounts receivable in the securitization offerings enabled by ABS Cloud

In some circumstances, we are exposed to credit risks in connection with the securitization offerings enabled by our ABS Cloud to the extent the offerings are unsuccessful and the anchor enterprises fail to perform their repayment obligation to us. For a detailed discussion of the securitization offerings and the associated credit risks, see "Risk Factors – We may be subject to risks in connection with the warehoused accounts receivable in the securitization offerings enabled by ABS Cloud" of this document.

To identify, monitor and mitigate these risks relating to securitization offerings, we have developed a robust credit risk review team and a credit risk management committee who are responsible for managing these risks through data-driven risk management, transaction review and approval process and comprehensive risk analysis. Pursuant to our internal risk management policies, we carefully select the anchor enterprises by taking into account various criteria such as their credit ratings, industries, historical performance, shareholding structure and market rankings and recognitions. Furthermore, we require the anchor enterprises to have a credit rating of AA+ or above in the circumstances that we finance the acquisition of underlying assets using (i) the short-term bridge loans that we borrow from third-party funding providers and (ii) our own capital.

Data Security and Cybersecurity

We are exposed to risks in relation to data security and cybersecurity in our operations. See "Risk Factors – Risks Relating to Our Business and Industry – Our business processes a large amount of supply chain data, and the improper collection, hosting, use or disclosure of such data could harm our reputation and have a material adverse effect on our business and prospects" of this document. We have implemented stringent internal control procedures to protect the integrity and security of the significant amounts of data we collect, process and store during the course of our business.

We obtain express authorization for data collection, and we only collect such information to the extent that is necessary for our solution offerings. We have put in place and maintained security measures to limit and monitor access to the user data. For instance, the data of each of our customers are stored on an isolated basis in our system, eliminating the possibility of data leakage or misplacement. Our information security team are devoted to maintaining secure infrastructure for our platform. Our team members conduct regular cybersecurity inspections. We have also implemented a series of internal regulations to prevent any improper or unauthorized use and disclosure of data.

Legal and Compliance Risk Management

Our business is subject to regulation and supervision by national, provincial and local government authorities with regard to our business operations, which may be subject to changes. For further details on the applicable laws and regulations in relation to our business operations, see "Regulatory Overview" of this document. If we fail to comply with these laws and regulations, we may be required to rectify and may incur penalties and losses. During the Track Record Period, we had not been challenged for any material non-compliance incidents by any regulatory authorities.

In addition, we have strengthened our legal and compliance risk management by:

- reviewing our management accounts on a monthly basis by our finance department to monitor the key financial indicators of our operations;

- establishing risk-monitoring thresholds in our system to monitor and identify their regularities and non-compliance incidents in our operations;

- monitoring legal updates, including updates on the interpretation of applicable laws and regulations by relevant regulatory authorities; and

- reiterating the importance of adherence to our operational protocols and procedures to our employees and, in particular, new employees, to ensure effective implementation of our operational protocols and procedures.

Anti-money Laundering and Counter-terrorism Financing Risk Management

To ensure our day-to-day operations comply with applicable AML regulations in jurisdictions where we operate, we have put in place comprehensive AML policies and procedures.

Our AML policies and procedures clearly set forth the responsibilities of our risk management team, AML team, audit team and business departments when they manage the risks relating to AML, counter-terrorism financing, financial crimes and sanctions compliance. Based on these policies, specific AML procedures are put in place, such as "know your customer" procedures, transaction monitoring, reporting of suspicious transactions, and record retention. We also leverage technology to improve the efficiency of the operation of AML procedures. For example, we have developed an intelligent AML system to monitor and identify suspicious transactions.

To ensure our employees are kept up-to-date with regulatory updates and our AML policies and procedures, we provide regular training to our employees who have AML responsibilities.

Internal Control Risk Management

To ensure strict compliance of our business operations with applicable rules and regulations, we have designed and adopted a set of comprehensive internal control policies. The implementation of such policies is overseen by the risk management committee.

To reinforce the control environment and ensure the effectiveness of internal control across our organization, our risk management committee works closely with our business units and functional departments (such as legal and compliance, finance, procurement and security) to monitor and improve the implementation of internal control processes in our daily business operations.

We continually review our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Business Contingency

To ensure the continuity of our business, we have put in place contingency plans for detecting and responding to emergency incidents. Our risk management committee is responsible for detecting emergency incidents such as any irregular activities and external complaints. In the event of an emergency incident, our contingency plans set out prescribed response protocols applicable to our various business units. In addition, our risk management committee would conduct a comprehensive assessment upon the occurrence of an emergency incident, and if necessary, formulate any additional responses.

We continue to assess the effectiveness of our contingency plans, and would perform reviews after each emergency incident to identify potential areas for improvement. We also conduct regular emergency response drills to ensure our employees are familiar with our response protocols.

INTELLECTUAL PROPERTIES

Intellectual property rights are important to our business, and we devote significant time and resources to their development and protection. Since inception, we have invested heavily in the development of our intellectual properties and achieved a significant growth in the number of

intellectual properties we own. We rely on a combination of patent, trademark, copyright and domain name protection in China, as well as confidentiality procedures and contractual provisions to protect our intellectual property.

In general, our employees must enter into a standard employment contract that includes a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them during their employment with us are our properties, and assigning to us any ownership rights that they may claim in those works.

As of the Latest Practicable Date, our patent portfolio included 233 patents and patent applications, of which three of them were registered. 100% of our patents and patent applications were filed in mainland China.

As of the Latest Practicable Date, we owned 141 trademarks, including 92 trademarks in various classes and registered with the China Trademark Office and 49 trademarks in various other jurisdictions. In addition, we had more than 60 pending trademark applications as of the Latest Practicable Date. Among our trademarks, we owned nine trademarks in various classes and registered with the China Trademark Office that we consider to be material to our business and one registered trademark in Hong Kong that we consider to be material to our business.

As of the Latest Practicable Date, we held 114 copyright registrations including 112 software copyrights and two other copyrights. Among our copyright registrations, 30 copyrights registered with the National Copyright Administration of China as of the Latest Practicable Date were considered to be material to our business.

We owned 52 registered domain names, including 5 registered domain names that we consider to be material to our business, as of the Latest Practicable Date.

See the section headed "Statutory and General Information – B. Further Information About Our Business – 2. Intellectual property rights" in Appendix IV to this document for details of our material intellectual property rights.

Despite our precautions, however, third parties may obtain and use intellectual property that we own or license without our consent. We did not identify any material disputes or any other pending material legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date. However, unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See "Risk Factors – Risks Related to Our Business and Industry – We may not be able to prevent others from the unauthorized use of our intellectual property, which could harm our business, brand, reputation and competitive position" of this document.

OUR CUSTOMERS

Our customers primarily include anchor enterprises and financial institutions. The majority anchor enterprises we serve operate in business sectors including real estate, energy, construction, pharmaceutical, and manufacturing, among others. We also serve a variety of financial institutions such as banks, securities firms, trust companies and factoring companies.

We maintain long-term partnerships with our largest customers. Terms of contracts with our top five customers effective in the nine months ended September 30, 2020 (in terms of revenue contribution) range from one to three years.

In 2018 and 2019 and for the nine months ended September 30, 2020, our revenue and income from our top five customers accounted for 69.0%, 47.6% and 37.9% of our total revenue and income for the respective periods.

OUR SUPPLIERS

In 2018, 2019 and for the nine months ended September 30, 2020, our top five suppliers accounted for 45.5%, 33.7% and 32.6% of our purchases for the respective periods. These top suppliers include, among others, the securities firms who provide underwriting services with respect to the securitization offerings enabled by our ABS Cloud. In 2018 and 2019 and for the nine months ended September 30, 2020, our largest supplier accounted for 22.5%, 16.3% and 12.7% of our purchases for the respective periods.

During the Track Record Period and up to the Latest Practicable Date, to the knowledge of our Directors, none of our Directors and their respective associates or any of our Shareholders who held more than 5% of our issued share capital had any interest in our top five customers or suppliers. During the Track Record Period, we did not have any material disputes with or any material operation interruptions caused by our suppliers.

To the best knowledge and belief of our Directors, three of our five largest customers during the Track Record Period are also recognized as three of our five largest suppliers during the Track Record Period. All of three are financial institutions who use ABS Cloud to enable the securitization transactions, in which they also provide underwriting services as program managers.

Our Directors confirmed that negotiations of the terms of our services to and purchases of underwriting services from the foregoing overlapping customers/suppliers were conducted on a case-by-case basis with the respective terms for our services and underwriting service purchases being irrelevant to each other, and the salient terms of the transactions with these overlapping customers/suppliers are similar to those with our other customers and suppliers, which our Directors consider are normal commercial terms.

COMPETITION

While we believe our business model is highly differentiated and there are no other companies that operate their businesses in the same way, our solutions must stay competitive so we can maintain and grow the number of customers.

We face intense competition primarily from third-party supply chain finance technology solution providers. Some of these competitors may have established strong brand recognition, robust technological capabilities and significant financial resources or offer comparable technology solutions or own similar business scale. As we develop new businesses and expand into new markets and regions, we face competition from major third-party supply chain finance technology solution providers with established brand recognition, robust technological capabilities and significant financial resources in these sectors and regions. In addition, we increasingly face competition from those supply chain finance technology solution providers who offer comparable technology solutions or owns similar business scale compared to us. See "Risk Factors – Risks Related to Our Business and Industry – We operate in an increasingly competitive environment. If we fail to compete effectively, we may lose our customers and partners, which could materially and adversely affect our business, financial condition and results of operations" of this document.

EMPLOYEES

We had a total of 548 employees as of September 30, 2020. The increase in our employees was primarily due to rapid expansion of our business and operations. A substantial majority of our employees are based in China. As of September 30, 2020, approximately 62% of our employees are primarily engaged in technology related work, and many of them have contributed to our innovation and research and development efforts. We believe that we have a good working relationship with our employees, and we have not experienced any significant labor disputes since inception.

The following table sets forth a breakdown of our employees by function as of September 30, 2020.

Division	Number of employees
Research and Development	341
Sales and Marketing	89
General Administration	118
Total	548

We offer in-house and external trainings to employees at all levels in accordance with their functions, positions and responsibilities. The training curriculum covers both soft skills and technical skills. Additional training is provided locally to satisfy specific country needs.

During the Track Record Period, we did not experience any strikes, work stoppages, labor disputes or actions, which had a material adverse effect on our business and operations.

In the PRC, we are required to register with the relevant governmental authorities and make contributions to certain social insurance and housing provident funds on behalf of our employees. During the Track Record Period, we complied with all material aspects of these requirements and were not subject to any material administrative fines or penalties.

PROPERTIES

As of the Latest Practicable Date, we did not have any self-owned property in China. As of the Latest Practicable Date, we leased 16 properties in the PRC with a total gross floor area of approximately 6,400 square meters.

As of the Latest Practicable Date, no single property accounted for 15% or above of our consolidated total assets by book value. Therefore, this document is exempt from the requirements under Chapter 5 of Hong Kong Listing Rules and Paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance that the interests in the lands and buildings shall be included in the valuation report according to section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Leased Properties

We leased 16 properties with a gross floor area of approximately 6,400 square meters in China as of the Latest Practicable Date. As of the same date, we also leased one property with a gross floor area of more than 200 square meters outside Mainland China, which had a gross floor area of 2,220 square feet in Hong Kong. These properties are principally used as office premises for

our business operations. The terms of these lease agreements generally range from 1 year to 5 years. In the event we are unable to renew any of the leases or continue to use any of these properties, the Directors believe that we could relocate our operations to new properties without undue cost or disruption to our business.

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we had not obtained any lease registration for 7 properties we leased in China, primarily due to the difficulty of procuring our lessors' cooperation to register such leases. The registration of such leases will require the cooperation of our lessors. We will take all practicable and reasonable steps to ensure that the unregistered leases are registered. Our PRC Legal Advisors have advised us that the lack of registration of the lease contracts will not affect the validity of the lease agreements under PRC laws, and has also advised us that a maximum penalty of RMB10,000 may be imposed for non-registration of each lease. The estimated total maximum penalty is RMB70,000.

INSURANCE

We have obtained insurance to cover certain potential risks and liabilities. We do not maintain key-man life insurance. During the Track Record Period, we did not make any material insurance claims in relation to our business. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing funds, as required by Chinese laws and regulations. We also purchase supplemental commercial medical insurance and accident insurance for our employees.

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by Chinese laws and regulations and in accordance with the commercial practices in our industry. However, our insurance policies are subject to standard deductibles, exclusions and limitations. As a result, our insurance policies may not be able to cover all of our losses and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. See the section headed "Risk Factors – Risks Related to Our Business and Industry – We have limited insurance to cover potential losses and claims arising from certain events" of this document.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

We are involved from time to time, and may in the future be involved in, litigation, claims or other disputes in the ordinary course of business regarding, among other things, recovery of delinquent payments from our customers. Taking into account our experience and track record in handling delinquent payments, we believe that legal proceedings initiated by us do not have any significant impact or pose any material risk to our business. We have also been, and may in the future be, involved in litigation, regulatory investigations or inquiries and administrative proceedings that may not necessarily arise from our ordinary course of business, such as securities class action lawsuits and investigations or inquiries by securities regulators. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material litigation as a defendant. In addition, during the Track Record Period and up to the Latest Practicable Date, neither we nor any of the Directors was engaged in any litigation, claim or arbitration of material importance, nor, to the best of the Directors' knowledge, is any litigation, claim or arbitration of material importance pending or threatened against us or the Directors.

We primarily operate in China, but have been expanding into several other countries and regions where our business is regulated and supervised under different regulatory environments. In each country and region where we operate, we have obtained all licenses and qualifications necessary for our business and aim to keep our operation in compliance with applicable laws and regulatory requirements. We aim to have constructive relationships with regulators, monitor ever-changing regulatory environments and adopt adequate internal procedures and guidelines to manage our operations in order to avoid potential non-compliance or misconduct. Policies and procedures vary depending on business activities, products offered and the requirements of local laws and regulations.

During the Track Record Period, and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in relation to our business in all material respects.

AWARDS AND RECOGNITION

The table below sets forth a summary of the major awards and projects we received as of the Latest Practicable Date:

Year	Award/Accreditation	Awarding Organization
2020	Excellent Finance Innovation Project	Shenzhen Qianhai Deep Harbor Modern Service Industry Zone Management Bureau
2020	Gold Award in the Tech Challenge Competition	BIS Innovation Hub Hong Kong Center jointly operated by Hong Kong Monetary Authority and Bank for International Settlement
2020	Asia's Best Treasury and Finance Strategies Award	International financial media Corporate Treasurer
2020	Certified in three aspects in function, safety and supply chain finance	Trusted Blockchain Initiatives established by the China Academy of Information and Communications Technology under the Ministry of Industry and Information Technology
2020	Excellent Fintech Service Providers of China Supply Chain Finance	China Supply Chain Strategic Management Research Center of Renmin University of China
2020	IDC Financial Insights FinTech Fast 101	International Data Corporation
2020	Global Fintech 250	CB Insights

Year	Award/Accreditation	Awarding Organization
2019	Shenzhen Fintech Special Award	Financial Supervision and Administration Bureau of the Shenzhen Municipal Government
2019	Certificate of High and New Technology Enterprise	Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen Municipality and Shenzhen Branch of State Taxation Administration
2019	Certificate of Achievement (CMMI-DEV v1.3 Maturity Level 3)	CMMI Institute Partner
2019	CSF Annual Emerging Enterprises Award	China Asset Securitization Annual Conference
2018	2018 Influence Brand in Fintech Field	China Finance and Economics Summit's Organizing Committee
2018	White Paper on Blockchain and Supply Chain	CAICT, Tencent Financial Technology

LICENSE AND PERMITS

As of the Latest Practicable Date, we possessed all material licenses, permits and approvals necessary for the operation of our business in the jurisdictions in which we operate, and such licenses, permits and approvals are still valid and in force. We have not experienced any refusal of the renewal application of any material licenses, permits or approvals necessary for the operation of our business. The table below sets forth the relevant details of the material licenses required for our operation in the PRC and overseas:

Certificate/License/ Permit	Issuing/Announcing Institution	Latest Grant/ announcement date	Expiry Date
Value-added Telecommunications Business Operating License (增值電信業務經營許可證)	Hubei Communication Administration (湖北省通信管理局)	November 30, 2020	November 30, 2025
Value-added Telecommunications Business Operating License (增值電信業務經營許可證)	Guangdong Communication Administration (廣東省通信管理局)	March 30, 2020	March 30, 2025
License for Operating Money Service	Customs and Excise Department of Hong Kong	November 25, 2019	December 8, 2021
Value-added Telecommunications Business Operating License(增值電信業務經營許可證)	Ministry of Industry and Information Technology of the PRC中華人民共和國工業和信息化部	March 18, 2019	March 18, 2024
Value-added Telecommunications Business Operating License(增值電信業務經營許可證)	Guangdong Communication Administration廣東省通信管理局	February 17, 2020	December 11, 2024

BACKGROUND TO THE CONTRACTUAL ARRANGEMENTS

Our Consolidated Affiliated Entities were established under the laws of the PRC. As described below, business in certain areas of the industry in which we currently operate are subject to restrictions under current PRC laws and regulations. It was not viable for our Company to hold our Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries subject to foreign investment restrictions in the PRC, we would gain effective control over, and receive 100% of all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements between (1) Linklogis Supply Chain Services, (2) Linklogis Digital, (3) the Relevant Shareholders, and (4) Mr. Song, Mr. Ji, Ms. Chau, Mr. Jiang Xiyong (蔣希勇) and Ms. Song Ying (宋穎, sister of Mr. Song) (collectively, the "**Other Parties**") on the other hand.

In order to comply with the PRC laws and regulations, while availing ourselves of international capital markets and maintaining effective control over all of our operations, the Contractual Arrangements were entered into on October 9, 2018 and were restated and amended on November 9, 2020, whereby Linklogis Supply Chain Services will acquire effective control over, our Consolidated Affiliated Entities, and will become entitled to all the economic benefits derived from our Consolidated Affiliated Entities. We believe that the Contractual Arrangements are narrowly tailored, as they are used to enable us to achieve our business and operation purposes under the current PRC regulatory framework so as to minimise the potential conflict with relevant PRC laws and regulations. Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into amongst Linklogis Supply Chain Services, Linklogis Digital, the Relevant Shareholders and the Other Parties; and (ii) by entering into the Exclusive Service Agreement (as defined below) with Linklogis Supply Chain Services, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the [**REDACTED**].

REASON FOR ADOPTION OF CONTRACTUAL ARRANGEMENTS

Our business operations in the PRC have mainly been conducted through our Consolidated Affiliated Entities, which include:

(1) Weq Block Chain, Huanrong Lianyi Technology and Wuhan Linklogis (the "**Information Service Operating Entities**"), which are principally engaged in developing, operating and maintaining the websites and online platforms for our Supply Chain Finance Technology Solutions and Emerging Solutions (collectively, the "**Information Service**");

(2) 11 Consolidated Affiliated Entities (collectively the "**Factoring Entities**"), which participate in the provision of Supply Chain Finance Technology Solutions and SME Credit Tech Solutions; and

(3) Yirui Investment, which is principally engaged in asset securitization.

(collectively, the "**Relevant Businesses**").

Reason for Adoption of Contractual Arrangements for the Information Service Operating Entities

Foreign investment activities in the PRC are mainly governed by the Foreign Investment Law (中華人民共和國外商投資法) and the Regulation for Implementing the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例), which provides that foreign investors may not invest in a field where their investment is prohibited or restricted as specified in the Special Administrative Measures for Access of Foreign Investment (Negative List) (外商投資准入特別管理措施(負面清單)2020年版, the "**Negative List**"), which was promulgated jointly by the MOFCOM and the NDRC on June 23, 2020 and became effective on July 23, 2020.

Value-added telecommunications services (excluding e-commerce, domestic multi-party communications services, store-and-forward services and call center services) (the "**VATS**") falls under the "restricted" category of the Negative List and foreign investors are restricted from holding more than 50% of the equity interest of enterprises operating such VATS. Foreign direct investment in telecommunications companies in the PRC is governed by the Regulations for the Administration of Foreign-invested Telecommunications Enterprises (revised in 2016) (外商投資電信企業管理規定(2016修訂)), which was promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016. Such regulations require foreign-invested value-added telecommunications enterprises in the PRC to be established as sino-foreign equity joint ventures, of which the foreign investors may acquire up to 50% of the equity interests. In addition, a major foreign investor, which is defined as an investor who contributes the largest amount of capital among all foreign investors and whose contributed capital accounts for more than 30% of the total capital contributions from all foreign investors, of a foreign-invested value-added telecommunications enterprise operating VATS in China must possess prior experience in operating VATS and a proven track record of business operation overseas (the "**Qualification Requirements**"). Moreover, foreign investors that meet these requirements must obtain approvals from the MIIT, which retain considerable discretion in granting approvals, before the commencement of their VATS business in China.

As advised by our PRC Legal Advisor, the Information Service Operating Entities are engaged in information service business (信息服務業務) under the Guiding Catalogue of Telecommunications Business (電信業務分類目錄), a business segment under the VATS, which are therefore subject to restrictions on foreign ownership (not holding more than 50% equity interest) and a foreign investor who invests in the Information Service Operating Entities shall satisfy the Qualification Requirements. In addition, the provision of the Information Services requires the holding of a VAT License specifically for the provision of information service business (增值電信業務經營許可證(業務種類包括信息服務業務)) (the "**ICP License**"). Each of Weq Block Chain, Huanrong Lianyi Technology and Wuhan Linklogis holds a valid ICP License to carry out the information service business.

We operate the Information Service under the Contractual Arrangements and are of the view that the Contractual Arrangements are narrowly tailored and we have demonstrated genuine efforts to comply with applicable laws and regulations for the following reasons:

(1) according to (i) our consultation on August 11, 2020 with an officer of the Policy and Standards Division of Department of Communication and Development (信息通信發展司政策標準處) of the MIIT; and (ii) our consultation on September 7, 2020 with an officer of the Internet Development Division of the Department of Communication and Development (信息通信發展司網絡發展處) of the MIIT (together the "**MIIT Consultations**"), being the competent authorities to give relevant confirmations and the officers consulted are of the appropriate ranking to provide relevant confirmations as advised by our PRC Legal Advisor, (i) foreign investors can only hold, whether directly

or indirectly, no more than 50% of a company engaged in the provision of VATS (excluding e-commerce, domestic multi-party communications services, store-and-forward services and call center services); (ii) a foreign investor acquiring equity interest of a value-added telecommunication business in the PRC must fulfil the Qualification Requirements regardless of whether the equity interests are held directly or indirectly or how much equity interests are held by the foreign investor. However, there is no applicable PRC laws and regulations which provides clear guidance or interpretation on the Qualification Requirements; (iii) if the Information Service Operating Entities are transformed into sino-foreign joint venture companies with any percentage of foreign ownership, it will not be possible for them to continue to legally engage in the Information Service or to continue to hold the ICP License; and

(2) based on the MIIT Consultations, our PRC Legal Advisor is of the view that it is not possible for our Company to hold the maximum equity interest in the Information Service Operating Entities as permitted under current PRC laws and regulations. Accordingly, our PRC Legal Advisor is of the view that, even if our Company meets the Qualification Requirements, our Company will not be allowed to hold the maximum equity interest permissible in the Information Service Operating Entities, and in fact the holding of any equity interest by our Company is not possible.

For further details of the limitations on foreign ownership in PRC companies conducting the Information Services, and the applicable licensing and approval requirements under PRC laws and regulations, please see the section headed "Regulatory Overview — Regulations Relating to Value-added Telecommunication Services" of this document.

Reason for Adoption of Contractual Arrangements for the Factoring Entities

Pursuant to the Notice of the General Office of the Ministry of Commerce on Matters Concerning Adjustments to the Responsibility to Regulate Finance Lease Companies, Commercial Factoring Companies and Pawn (商務部辦公廳關於融資租賃公司、商業保理公司和典當行管理職責調整有關事宜的通知) which was promulgated by the MOFCOM on May 14, 2018, the authority for developing the rules for business operation of commercial factoring enterprises and regulatory rules shall be delegated to CBIRC since April 20, 2018.

On October 18, 2019, CBIRC promulgated the Circular of the General Office of the China Banking and Insurance Regulatory Commission on Strengthening the Supervision and Administration of Commercial Factoring Enterprises (中國銀行保險監督管理委員會辦公廳關於加強商業保理企業監督管理的通知, the "**Notice 205**"), Articles 17 and 18 of which stipulate that each financial regulatory authority shall coordinate with the administration for market regulation in strictly controlling the registration of commercial factoring enterprises before promulgation of the administrative measures for market access of commercial factoring enterprises. If the establishment of a new enterprise is necessary, the financial regulatory authority shall set up a consultation mechanism with the market supervision authorities. Each financial regulatory authority shall strictly examine and verify the applications for any change of equity interest filed by the commercial factoring enterprises in the list of regulation, strengthen the examination of backgrounds, investment intentions and sources of capital contributions of new shareholders, and strictly prohibit new shareholders from investing in commercial factoring enterprises with non-self-owned funds such as debt capital and advisory funds.

On November 26, 2019, Guangdong Provincial Financial Supervision and Administration Bureau issued the Notice of the Local Financial Supervision Administration of Guangdong Province on Further Organizing and Carrying out the Liquidation and Standardization Work of

Commercial Factoring Industry (廣東省地方金融監督管理局關於進一步組織開展商業保理行業清理規範工作的通知, the "**Notice 872**"), which further stresses the importance to strengthen the strict regulation in relation to the registration and alteration of commercial factoring enterprises. It is stipulated that before the promulgating of the national market access management measures for commercial factoring enterprises, the registration and alteration of commercial factoring enterprises shall be handled according to Articles 17 and 18 of the Notice 205. If it is indeed necessary to establish or alter commercial factoring enterprises, the competent financial authorities of each city shall establish a consultation mechanism with the market supervision authorities at the same level to form a consensus, which shall be submitted in writing to the local financial supervision authorities at the provincial level for examination and approval.

The business of our Factoring Entities is characterized as commercial factoring business under applicable PRC laws and regulations. Although the commercial factoring business is not subject to foreign investment restriction under applicable PRC laws and regulations, we operate the commercial factoring business under the Contractual Arrangements and are of the view that the Contractual Arrangements are narrowly tailored and we have demonstrated genuine efforts to comply with applicable laws and regulations for the following reasons:

(1) according to (i) our consultation with officers of Second Supervision Division (監管二處) of the Shenzhen FSAB on August 5, 2020 and September 25, 2020, respectively (together the **"Shenzhen FSAB Consultations**"), being the competent authority to give relevant confirmations and the officers interviewed are of the appropriate ranking to provide relevant confirmations as advised by our PRC Legal Advisor, (i) the national market access management measures for commercial factoring enterprises have not been promulgated so far, and the commercial factoring industry is in a transitional period for clean-up and rectification; (ii) before the promulgation of the national administrative measures for market access of commercial factoring enterprises in the future, any transfer of equity interest in the Factoring Entities to any foreign investment enterprise (including Linklogis Supply Chain Services) will not be approved by the Shenzhen FSAB, even though commercial factoring enterprises in the PRC, including the Factoring Entities, are not subject to foreign investment restrictions; and (iii) the Shenzhen FSAB does not object to the adoption of the Contractual Arrangements to control the Factoring Entities, nor does it expect there to be any penalty or fine on our Group to conduct the commercial factoring through such entities; and

(2) our PRC Legal Advisor is of the view that the use of Contractual Arrangements in respect of the Factoring Entities will not be regarded as circumvention of Notice 205 and Notice 872 since (i) the purpose of the Notice 205 and Notice 872 is to strictly control the establishment of, and/or transfer of equity interest in, commercial factoring enterprises in the PRC, which require the applicable financial regulatory authority to strictly examine any new shareholder (e.g. Linklogis Supply Chain Services) of commercial factoring enterprises. As the Contractual Arrangements do not involve any transfer of equity interest in the Factoring Entities, the Contractual Arrangements are not subject to the restrictions under Notice 205 and Notice 872 and no further review by the Shenzhen FSAB is required in relation to the Contractual Arrangements; and (ii) our Company and our PRC Legal Advisor disclosed our Company's Contractual Arrangements to the relevant officers of the Shenzhen FSAB during the Shenzhen FSAB Consultations, and the officers confirmed that they have no objection to such Contractual Arrangements.

We will transfer the Factoring Entities out of the Contractual Arrangements as soon as reasonably practicable after all applicable regulatory restrictions in the PRC in the commercial factoring service industry (including Notice 205, Notice 872 and any other regulatory restriction that may be implemented by PRC governmental authorities) are removed.

For further details on applicable PRC laws and regulations relating to commercial factoring, please see the section headed "Regulatory Overview — Regulations Relating to the Commercial Factoring" of this document.

Reason for Adoption of Contractual Arrangements for Yirui Investment

As advised by our PRC Legal Advisor, the business of Yirui Investment, i.e., asset securitization, is not subject to foreign investment restriction under the applicable PRC laws and regulations.

Notwithstanding above, we are of the view that the Contractual Arrangements in respect of Yirui Investment are narrowly tailored and we have demonstrated genuine efforts to comply with applicable laws and regulations for the following reasons:

(1) our Group plans to conduct such asset securitization projects which would have been handled by Yirui Investment through our wholly-owned subsidiary, Wuhan Lianyisheng in the PRC, starting from 2021. Pursuant to the Guiding Opinions of the People's Bank of China, the CBIRC, the CSRC and the SAFE on Regulating the Asset Management Business of Financial Institutions (中國人民銀行、中國銀行保險監督管理委員會、中國證券監督管理委員會、國家外匯管理局關於規範金融機構資產管理業務的指導意見, the "**Guiding Opinions**"), the net assets of a qualified institutional investor to purchase asset management products shall be no less than RMB10 million at the end of the previous year (the "**Net Assets Requirement**"). When conducting such asset securitization, Yirui Investment needs to acquire beneficial interest in trusts which are categorized as asset management products under the Guiding Opinions. In order to conduct such projects through a wholly-owned subsidiary and satisfy the Net Assets Requirement, our Company established Wuhan Lianyisheng on December 25, 2019, and has made a capital injection of over RMB10 million to Wuhan Lianyisheng. As such, Wuhan Lianyisheng will satisfy the Net Assets Requirement in the first quarter of 2021 and will be able to conduct such new projects of our Group from 2021;

(2) our Company plans to maintain the ongoing projects of Yirui Investment and to only use Yirui Investment to enter into new projects until the first quarter of 2021. It is not possible to assign and/or transfer Yirui Investment's ongoing projects to other wholly-owned subsidiaries of our Company due to the following reasons: (i) Yirui Investment is required to register its projects (i.e. the relevant asset-backed securities or notes) to the relevant exchanges (i.e. Shanghai Stock Exchange and Shenzhen Stock Exchange) on which the securities are traded, or the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) (the "**NAFMII**") through which the notes are traded. The relevant exchanges or the NAFMII, as applicable, would issue a letter of no objection or notice of acceptance of registration before the asset-backed securities or notes can be issued. As Yirui Investment is the registered originator under such letter of no objection or notice of acceptance of registration, by nature it is not possible to change or replace (including assigning and/or transferring the relevant projects) Yirui Investment as the registered entity during the respective terms of the relevant securities or notes. Otherwise the registration of the relevant securities or notes will become invalid, all relevant transaction documents will have to be reissued or amended, all relevant agencies who serve such securities or notes will charge additional fees, and all the projects of Yirui

Investment will need to go through the registration procedure again. Such an outcome will be unacceptable and materially adverse to the clients of our Group and all other parties involved in such projects (e.g. the underwriters of the relevant securities or notes); (ii) our Group has also communicated with our clients on the proposed plan to conduct the relevant new projects through Wuhan Lianyisheng starting from the first quarter of 2021. The clients have indicated that such a proposal would be acceptable, but they would not agree to any change to the existing projects of, or projects expected to be obtained by Yirui Investment as such change would cause a material disruption to the relevant projects. Accordingly, our Company is of the view that it is not possible to assign and/or transfer Yirui Investment's projects to other wholly-owned subsidiaries of our Company; and

(3) starting from the first quarter of 2021, Wuhan Lianyisheng will satisfy the Net Assets Requirement to carry out the relevant projects, and our Company will use Wuhan Lianyisheng to conduct the relevant new projects in this business line. After all the ongoing projects of Yirui Investment expire in approximately two years' time, Yirui Investment will have no business and will be dissolved.

QUALIFICATION REQUIREMENTS

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the "**FITE Regulations**"), which were amended on September 10, 2008 and February 6, 2016. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services, including Internet content provision services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the "**Qualification Requirements**"). As advised by our PRC Legal Advisor, currently none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirements.

Notwithstanding that clear procedures or guidance from the PRC approving regulatory authorities is not available, we are nevertheless committed to using our best endeavours to gradually build up our track record of overseas telecommunications business operations for the purposes of being qualified, as early as possible, to acquire the entire equities in the Information Service Operating Entities it is possible to do so. For the purposes of meeting the Qualification Requirements, we are in the process of establishing and accumulating overseas operation experience, including:

- Linklogis International has been incorporated in Hong Kong since March 2019 for the purposes of establishing and expanding our Group's overseas operations;

- our Group has established an overseas website to provide the Cross-border Cloud services to offshore enterprises and is in the process of expanding such cross-border services;

- our Group has entered into business contracts for the Supply Chain Finance Technology Solutions with offshore counterparties; and

- our Group is in the process of registering trademarks outside the PRC for the promotion of our businesses overseas.

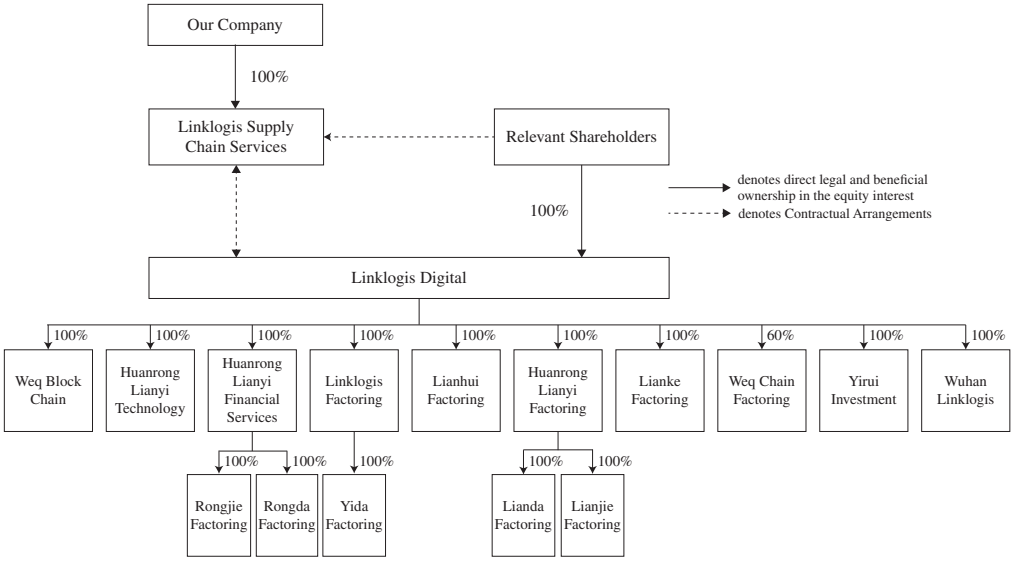
During the MIIT Consultations, MIIT confirmed that (i) there is no applicable PRC law and regulation which provides clear guidance or interpretation on the Qualification Requirements; and (ii) the operation of our Group's Hong Kong subsidiary and our overseas website, and our plan to further expand our Cross-border Cloud services will be deemed as reasonable and appropriate steps for gradually building up a track record to meet the Qualification Requirements.

Based on the foregoing, our PRC Legal Advisor is of the view that, subject to the discretion of the competent PRC governmental authorities in determining whether our Group has fulfilled the Qualification Requirements, the above steps taken by us are reasonable, and sufficient in relation to the Qualification Requirements.

We will, as applicable and when necessary, disclose the progress of our overseas business plans and any updates to the Qualification Requirements in our annual and interim reports to inform Shareholders and other investors after the [**REDACTED**]. We will also make periodic inquiries to the competent PRC governmental authorities to understand any new regulatory development and assess whether our level of overseas experience is sufficient to meet the Qualification Requirements.

CONTRACTUAL ARRANGEMENTS

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



We will unwind and terminate the Contractual Arrangements wholly or partially once our businesses are no longer prohibited or restricted from foreign investment under the PRC laws.

SUMMARY OF THE MATERIAL TERMS OF THE CONTRACTUAL ARRANGEMENTS

A description of each of the specific agreements that comprise the Contractual Arrangements entered into by and among Linklogis Supply Chain Services, Linklogis Digital, the Relevant Shareholders and the Other Parties is set out below.

Exclusive Service Agreement

Under the restated and amended exclusive service agreement dated November 9, 2020 between Linklogis Supply Chain Services and Linklogis Digital (the "**Exclusive Service Agreement**"), in exchange for an annual service fee, Linklogis Digital agreed to engage Linklogis Supply Chain Services to provide technical support, consultation and other services to itself and its subsidiaries, including the following services:

(1) products research and development;

(2) website design and design, installation, daily management, maintenance and update of computer network systems;

(3) database support and software services;

(4) consulting services such as economic information consulting, project investment consulting, scientific and technological information consulting, and business management consulting;

(5) professional training services for employees;

(6) technology development, consulting and technology transfer services;

(7) formulating short-and medium-term market development and market planning; and

(8) other relevant technical services to the extent permitted under PRC laws.

Under the Exclusive Service Agreement, the service fee will be determined by Linklogis Supply Chain Services at its sole discretion based on the total consolidated revenue of Linklogis Digital before tax for each month, after the deduction of operating costs, expenses, taxes and other statutory contributions and after taking into account of the following factors relating to the services provided: (i) technical difficulty and complexity of the services; (ii) time spent in providing the services; (iii) contents and commercial value of the services; and (iv) the benchmark price of similar services in the market.

In addition, absent the prior written consent of Linklogis Supply Chain Services, during the term of the Exclusive Service Agreement, with respect to the services and other matters subject to the Exclusive Service Agreement, Linklogis Digital shall not accept any same or similar type of services provided by any third party.

Pursuant to the Exclusive Service Agreement, any intellectual properties developed by the performance of the Exclusive Service Agreement, including but not limited to copyrights, trademarks, patents, technical secrets and knowhow, belong to Linklogis Supply Chain Services. If a development is based on the intellectual properties owned by Linklogis Digital, Linklogis Digital shall warrant and guarantee that such intellectual properties are flawless and

it shall bear all damages and losses caused to Linklogis Supply Chain Services by any flaw of such intellectual properties. Linklogis Supply Chain Services has the right to recover all of its losses from Linklogis Digital for liabilities to any third party.

The Exclusive Service Agreement can be terminated by Linklogis Supply Chain Services at any time upon 30 days' advance written notice to Linklogis Digital. The Exclusive Service Agreement shall also terminate upon the transfer of all the shares of Linklogis Digital to Linklogis Supply Chain Services and/or a third party designated by Linklogis Supply Chain Services pursuant to the Exclusive Option Agreement.

Exclusive Option Agreement

Under the restated and amended exclusive option agreement dated November 9, 2020 among Linklogis Supply Chain Services, the Relevant Shareholders, the Other Parties and Linklogis Digital (the "**Exclusive Option Agreement**"), Linklogis Supply Chain Services has a right to require the Relevant Shareholders to transfer any and all of the equity interest/assets of Linklogis Digital they hold to Linklogis Supply Chain Services and/or a third party designated by it, in whole or in part, at any time and from time to time, for a nominal price or at the lowest purchase price that permitted by the PRC laws.

The Exclusive Option Agreement shall remain effective until the transfer of all the equity interest/assets of Linklogis Digital held by the Relevant Shareholders to Linklogis Supply Chain Services and/or its designee(s).

Linklogis Digital, the Relevant Shareholders and the Other Parties, among other things, have covenanted as follows:

(1) save for the pledge under the Equity Pledge Agreement, and the restrictions on right under the Contractual Arrangements, each of the Relevant Shareholders and Linklogis Digital will not create any pledge, liabilities and any other encumbrances against the equity interest or assets of Linklogis Digital held by the Relevant Shareholders, for a third party, who is not a party to the Exclusive Option Agreement, and will not transfer to, give to a third party, who is not a party to the Exclusive Option Agreement, or otherwise dispose, the equity interest or assets of Linklogis Digital, during the term of the Exclusive Option Agreement;

(2) each of the Relevant Shareholders and Linklogis Digital will not otherwise grant options or similar right to third party(ies) during the term of the Exclusive Option Agreement;

(3) during the term of the Exclusive Option Agreement, Linklogis Digital shall and each of the Relevant Shareholders will make reasonable commercial endeavors to cause and guarantee that the business operations of Linklogis Digital shall comply with the relevant and applicable laws, regulations, requirements, and the administrative provisions and documents issued by other competing departments of the government, and that no material adverse effect will be made to the business operations and assets of Linklogis Digital as a result of violation of the abovementioned provisions;

(4) Linklogis Digital shall and each of the Relevant Shareholders shall make reasonable commercial endeavors to cause and guarantee that Linklogis Digital will maintain its valid existence in accordance with good financial and commercial standard and practice, conduct its business and deal with matters carefully and effectively, make its best

endeavors to obtain and maintain the permit, license and approval necessary for continuing the operation of Linklogis Digital, and ensure that such permit, license and approval will not be cancelled, withdrawn or declared null and void;

(5) Linklogis Digital will, at the request of Linklogis Supply Chain Services, provide to Linklogis Supply Chain Services all the operation and financial information in relation to Linklogis Digital;

(6) prior to exercising of options by Linklogis Supply Chain Services (or the designee) to acquire all the equity interest or assets of Linklogis Digital, save for the pledge under the Equity Pledge Agreement and restrictions on right under the Contractual Arrangements, and except with the express written consent of Linklogis Supply Chain Services (or its designated third party), each of the Relevant Shareholders and Linklogis Supply Chain Services shall not perform the followings:

(a) to cause Linklogis Digital to enter into a transaction or perform an act that will cause substantive adverse effect to the assets, liabilities, operations, equity and other legal rights, other than those incurred in the usual or ordinary course of business of Linklogis Digital or those already been disclosed to Linklogis Supply Chain Services for which prior express written consent of Linklogis Supply Chain Services has been obtained;

(b) to cause the general meetings of Linklogis Digital to approve the resolutions in respect of payment of dividend and bonus;

(c) to sell, transfer, charge or otherwise dispose of the legal and beneficial interest of the equity interest or assets of Linklogis Digital, or to permit, in addition thereto, creation of any other guaranteed interest, other than those incurred in the usual or ordinary course of business of Linklogis Digital or those already been disclosed to Linklogis Supply Chain Services for which prior express written consent of Linklogis Supply Chain Services has been obtained;

(d) to cause the general meetings of Linklogis Digital to approve the sale, transfer, charge or otherwise disposal of the legal or beneficial interest of the equity interest or assets of Linklogis Digital, or to permit, in addition thereto, create any other guaranteed interest, other than those incurred in the usual or ordinary course of business of Linklogis Digital or those already been disclosed to Linklogis Supply Chain Services for which prior express written consent of Linklogis Supply Chain Services has been obtained; and

(e) to cause the general meetings of Linklogis Digital to approve matters such as voluntary winding up, liquidation or dissolution of Linklogis Digital;

(7) prior to exercising of options by Linklogis Supply Chain Services (or the designee) to acquire all the equity interest or assets of Linklogis Digital, each of the Relevant Shareholders and Linklogis Digital shall:

(a) notify Linklogis Supply Chain Services in written notice immediately upon being aware of the occurrence or potential occurrence of litigation, arbitration or administrative proceedings relating to the equity interest or assets owned by it, or any circumstances that may cause adverse effect to such equity interest;

(b) cause the general meetings of Linklogis Digital to consider and approve the transfer of the acquired equity interest or assets as provided under the Exclusive Option Agreement, cause Linklogis Digital to amend its articles of association to reflect the change in equity interest or assets of Linklogis Digital upon the exercise of options thereunder by Linklogis Supply Chain Services and/or the designee and other changes as stated thereunder, and immediately apply for approval, if required by laws, from the competing authorities of the PRC, to complete the registration of such change, and cause Linklogis Digital to pass the shareholders' resolution approving the appointment of a person designated by Linklogis Supply Chain Services and/or the designee as a director and a legal representative of Linklogis Digital, if required;

(c) for the purpose of maintaining the legal and valid ownership of the respective equity interest or assets of each of the Relevant Shareholders, sign all necessary or appropriate documents, take all necessary or appropriate actions and bring all necessary or appropriate proceedings or make necessary and appropriate defenses against all claims;

(d) transfer unconditionally, upon request by Linklogis Supply Chain Services from time to time, its equity interest or assets to Linklogis Supply Chain Services and/or the designee at the time specified by Linklogis Supply Chain Services, and to waive the right of first refusal given to other shareholders of Linklogis Digital at that time in the abovementioned equity transfer as directed by Linklogis Supply Chain Services; and

(e) strictly abide by the provisions of the Exclusive Option Agreement and those of other agreements jointly or severally entered into by and among each of the Relevant Shareholders, the Other Parties, Linklogis Digital and Linklogis Supply Chain Services.

Equity Pledge Agreement

Under the restated and amended equity pledge agreement dated November 9, 2020 among Linklogis Supply Chain Services, the Relevant Shareholders, the Other Parties and Linklogis Digital (the "**Equity Pledge Agreement**"), the Relevant Shareholders unconditionally and irrevocably pledged all of the equity interests of Linklogis Digital that they own, including any interest or dividend paid for equity interest, to Linklogis Supply Chain Services as a security for the performance of the obligations by Linklogis Digital under the Exclusive Service Agreement (the "**Pledge**") and duly performance of other agreements under the Contractual Arrangements except the Exclusive Service Agreement.

The pledge in respect of Linklogis Digital takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until the earlier of (1) all the contractual obligations of the Relevant Shareholders and Linklogis Digital under the Contractual Arrangements have been fully performed and all the guaranteed debts of the Relevant Shareholders and Linklogis Digital under the same agreements have been fully paid; or (2) the Equity Pledge Agreement is terminated or is void.

Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreement), Linklogis Supply Chain Services shall have the right to require the Relevant Shareholders to immediately pay any amount payable by Linklogis Digital under the Exclusive Service Agreement, repay any loans and pay any other due payments, and Linklogis Supply Chain Services shall have the right to exercise all such rights as a secured party under

any applicable PRC laws, as in effect from time to time, including without limitations, upon prior written notice to the Relevant Shareholders, (i) to sell all or any part of the pledged shares in accordance with legal procedures, and (ii) to be paid in priority with the proceeds from auction or sale of the pledged shares.

The registration of the Pledge as required by the relevant laws and regulations was completed on January 7, 2019 in accordance with the terms of the original equity pledge agreement dated October 9, 2018 and PRC laws and regulations. As advised by our PRC Legal Advisor, such registration shall continue to be in effectiveness and be valid despite the original equity pledge agreement has been restated and amended on November 9, 2020.

Proxy Agreement and Power of Attorney

Under the restated and amended proxy agreement and power of attorney dated November 9, 2020 among Linklogis Supply Chain Services, the Relevant Shareholders, the Other Parties and Linklogis Digital (the "**Proxy Agreement and Power of Attorney**"), the Relevant Shareholders irrevocably nominated and appointed Linklogis Supply Chain Services or any of its designated person(s) (including Directors and their successors and liquidators replacing our Directors) as their attorneys-in-fact to exercise on their behalf:

(1) to convene shareholders' meetings and to accept any notice relating to the convention of the shareholders' meetings and relevant shareholders' meeting procedures;

(2) to attend shareholders' meeting and execute relevant shareholders' meeting resolutions on behalf of the Relevant Shareholders;

(3) to exercise the shareholders' voting rights on material matters including but not limited to operation policy, investment plans, annual financial budget, increasing or decreasing share capital, amendments to the articles of association, etc.;

(4) to make shareholder's decision on matters such as sale, transfer, mortgage, pledge or disposal of any or all of the equity interest of the Relevant Shareholders;

(5) to nominate, appoint or remove the directors, supervisors and senior management members of Linklogis Digital;

(6) to obtain information on Linklogis Digital's operations, customers, financial status, and employees and to access other information;

(7) sign shareholder resolutions related to the exercise of the above rights and any other documents that need to be signed in the name of the shareholder; and

(8) other voting rights of shareholder under PRC laws.

The Proxy Agreement and Power of Attorney shall remain effective so long as the respective Relevant Shareholder holds equity interest in Linklogis Digital unless it is terminated otherwise thereunder.

Spousal Undertakings

The spouse of each of the Other Parties, where applicable, has signed undertakings to the effect that (i) he or she undertakes not to make any assertions in connection with the equity interest of Linklogis Digital indirectly held by the respective other Party (to the extent applicable); (ii)

he or she confirms that the performance, amendments and termination of the Contractual Arrangements do not require his or her further authorization or consents; (iii) he or she undertakes to execute all necessary documents and to take all necessary actions to ensure the proper performance of the Contractual Arrangements; (iv) in the event that he or she obtains any equity interests in Linklogis Digital, he shall be bound by the Contractual Arrangements and comply with the obligations thereunder as a shareholder of Linklogis Digital, and upon Linklogis Supply Chain Services' request, he or she shall sign any document in the form and content substantially the same as the Contractual Arrangements; and (v) he or she further undertakes that he or she will not take any action that may violate the purpose or intention of the Contractual Arrangements under any circumstances.

Our Director believes that the above arrangements provide protection to our Group even in the event of death or divorce of any Other Parties.

Dispute Resolution

Each of the agreements under the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the interpretation and/or performance of or relating to the Contractual Arrangements, any party has the right to submit the relevant dispute to the Shenzhen Court of International Arbitration ("**SCIA**") for arbitration in Shenzhen, in accordance with the then effective arbitration rules. The arbitration shall be confidential and the language used during arbitration shall be Chinese. The arbitration award shall be final and binding on all parties. The dispute resolution provisions also provide that subject to the PRC laws and regulations and the then situation, the arbitral tribunal may award remedies over the shares or assets of Linklogis Digital, including compensation, injunctive relief (including but not limited to injunctive relief relating to the conduct of business and injunctive relief compelling transfer of assets), enforce the contract or order the winding up of Linklogis Digital; any party may apply to the courts of Hong Kong, Shenzhen (being the place of incorporation of Linklogis Digital), the Cayman Islands (being the place of incorporation of our Company) and the places where the principal assets of Linklogis Digital are located, for interim remedies or injunctive relief, to support the carry out of arbitration.

In connection with the dispute resolution arrangements as set out in the Contractual Arrangements and the practical consequences, we are advised by our PRC Legal Advisor that:

(1) the aforementioned dispute resolution provisions set forth in the agreements underlying the Contractual Arrangements do not violate the mandatory provisions of current PRC laws, legally valid and binding on the relevant signatories, however, the aforementioned provisions may not be enforceable under PRC law, for instance, SCIA has no power to grant such injunctive relief, nor will it be able to order the winding up of Linklogis Digital pursuant to current PRC laws and regulations; and

(2) interim remedies or enforcement orders granted by overseas courts such as Hong Kong and Cayman Islands may not be recognizable or enforceable in the PRC;

As a result of the above, in the event that Linklogis Digital, the Relevant Shareholders or the Other Parties breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. See the section headed "Risk Factors — Risks Related to our Corporate Structure and Contractual Arrangements" of this document for further details.

Conflict of Interest

Each of the Other Parties has given their irrevocable undertakings in the Proxy Agreement and Power of Attorney which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. For further details, see the sub-section headed "Proxy Agreement and Power of Attorney" in this section above.

Loss Sharing

Neither the agreements constituting the Contractual Arrangements nor PRC laws and regulations require that our Company and Linklogis Supply Chain Services be obligated to share the losses of, or provide financial support to Linklogis Digital. Further, Linklogis Digital is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. Linklogis Supply Chain Services intends to continuously provide to or assist Linklogis Digital in obtaining financial support when deemed necessary. In addition, given that our Group conducts a portion of its business operations in the PRC through Linklogis Digital, which holds the requisite PRC operational licenses and approvals, and that its financial position and results of operations are consolidated into our Group's financial statements under the applicable accounting principles, our Company's business, financial position and results of operations would be adversely affected if Linklogis Digital suffers losses.

However, due to the relevant restrictive provisions in the Exclusive Option Agreement as more particularly set out in the paragraphs headed "Exclusive Option Agreement" above, the potential adverse effect on Linklogis Supply Chain Services and our Company in the event of any loss suffered from Linklogis Digital is limited.

Liquidation

According to the Exclusive Service Agreement, Linklogis Supply Chain Services or any person designated by Linklogis Supply Chain Services are entitled to appoint members of the liquidation committee upon the winding up of the Consolidated Affiliated Entities to manage their assets. Linklogis Digital has undertaken that in the event of a dissolution or liquidation, all of the remaining assets of Linklogis Digital shall be transferred to Linklogis Supply Chain Services after such dissolution or liquidation pursuant to PRC laws.

Insurance

Our Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Our Confirmation

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating our businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above, we believe that the Contractual Arrangements are narrowly tailored to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations. Our PRC Legal Advisor is of the opinion that:

(1) parties to each of the Contractual Arrangements have obtained all necessary approvals and authorizations to execute and perform the Contractual Arrangements;

(2) parties to each of the Contractual Arrangements are entitled to execute the agreements and perform their respective obligations thereunder;

(3) the Contractual Arrangements are legal, valid and binding on the parties thereto, the contents of each agreement do not violate the mandatory provisions of current PRC laws, except in the following cases: under the current PRC laws, the arbitration body does not have the power to grant any injunctive relief, requiring civil entities to act or not to act, therefore the injunctive relief and other temporary relief measures under Contractual Arrangements may not be legally and effectively enforced under current PRC law;

(4) the consummation of the Contractual Arrangements does not violate the M&A Rules;

(5) the execution and performance of the Contractual Arrangements do not violate the provisions of the Civil Code of the PRC (中華人民共和國民法典) including in particular "impairing others' legitimate rights and interests with malicious collusion" or fall within any of the circumstances under which a contract may become invalid pursuant to the Civil Code of the PRC;

(6) the execution and performance of the Contractual Arrangements does not violate the articles of association of Linklogis Digital;

(7) the execution of the Contractual Arrangements does not require any pre-approvals from the PRC governmental authorities, except that:

   (a) the pledge of any equity interest in Linklogis Digital in favor of Linklogis Supply Chain Services is subject to registration requirements with the Shenzhen Administration for Market Regulation;

   (b) the transfer of the equity interest in our Consolidated Affiliated Entities contemplated under the Contractual Arrangements is subject to applicable approval and/or registration requirements under the then applicable PRC laws;

   (c) any arbitral awards or foreign rulings and/or judgments in relation to the performance of the Contractual Arrangements are subject to applications to the competent PRC courts for recognition and enforcement; and

   (d) under PRC laws, an arbitral body does not have the power to grant any injunctive relief, requiring civil entities to act or not to act, or requiring winding-up of each of our Consolidated Affiliated Entities as interim remedies.

However, as advised by our PRC Legal Advisor, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC governmental authorities will not in the future take the view that is contrary to the above opinions of our PRC Legal Advisor. We have been further advised by our PRC Legal Advisor that if the PRC government finds that the Contractual Arrangements do not comply with PRC government restrictions on foreign investment in the Relevant Businesses, we could be subject to severe penalties, which could include:

(1) revoking the business and operating licenses of the Linklogis Supply Chain Services and our Consolidated Affiliated Entities;

(2) restricting or prohibiting related party transactions between the Linklogis Supply Chain Services and our Consolidated Affiliated Entities;

(3) imposing fines or other requirements with which we, the Linklogis Supply Chain Services and our Consolidated Affiliated Entities may find it difficult or impossible to comply;

(4) requiring us, the Linklogis Supply Chain Services and our Consolidated Affiliated Entities to restructure the relevant ownership structure or operations; and

(5) restricting or prohibiting the use of any [**REDACTED**] from the [**REDACTED**] to finance our business and operations in the PRC.

The imposition of any of these penalties could have a material adverse effect on our ability to conduct our business. Please refer to the section headed "Risk Factors — Risks Related to Our Corporate Structure and Contractual Arrangements" of this document.

Accounting Aspects of the Contractual Arrangements

Consolidation of Financial Results of Consolidated Affiliated Entities

Under the Exclusive Service Agreement, it was agreed that, in consideration of the services provided by Linklogis Supply Chain Services, Linklogis Digital will pay service fees to Linklogis Supply Chain Services, which will be determined by Linklogis Supply Chain Services at its own discretion. Accordingly, Linklogis Supply Chain Services has the ability, at its sole discretion, to obtain all of the economic benefits of our Consolidated Affiliated Entities through the Exclusive Service Agreement.

In addition, under the Exclusive Service Agreement and the Exclusive Option Agreement, Linklogis Supply Chain Services has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of Linklogis Digital as Linklogis Supply Chain Services' prior written consent is required before any distribution can be made. In the event that the Relevant Shareholders receive any profit, distribution, dividend or proceeds from liquidation from Linklogis Digital, the Relevant Shareholders must timely gift such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to Linklogis Supply Chain Services or any person(s) designated by it.

As a result of the Contractual Arrangements, our Company has obtained control of our Consolidated Affiliated Entities through Linklogis Supply Chain Services and, at our Company's sole discretion, can receive all of the economic interest returns generated by our Consolidated Affiliated Entities. Accordingly, our Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows are consolidated into our Group's Historical Financial Information.

In this regard, our Directors are of the view that, notwithstanding the lack of equity ownership, the Contractual Arrangements effectively provide Linklogis Supply Chain Services the power to govern and control our Consolidated Affiliated Entities so as to obtain benefits from their business activities. The basis of consolidating the results of our Consolidated Affiliated Entities is disclosed in Note 1 of the Accountants' Report set out in Appendix I to this document.

Development in the PRC Legislation on Foreign Investment

The Foreign Investment Law (2019)

Foreign Investment Law (2019) (the "**Foreign Investment Law**") was adopted at the 2nd Session of the 13th National People's Congress of the PRC on March 15, 2019 and came into force from January 1, 2020. The Foreign Investment Law replaced the Law on Sino-Foreign Equity Joint Ventures, the Law on Sino-Foreign Contractual Joint Ventures and the Law on Foreign-Capital Enterprises to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements.

Impact of Foreign Investment Law on Contractual Arrangements

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. We use the Contractual Arrangements to establish control of our Consolidated Affiliated Entities, by Linklogis Supply Chain Services, through which we operate our business in the PRC. As advised by our PRC Legal Advisor, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law and if future laws, regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties. Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council" without elaboration on the meaning of "other methods." The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements. There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See the section headed "Risk factors — Risks Related to our Corporate Structure and Contractual Arrangements — Substantial uncertainties exist with the PRC foreign investment legal regime and may have a significant impact on our corporate structure and business operations" of this document.

OVERVIEW

This section sets forth a summary of the most significant rules and regulations that affect our business activities in the PRC. This summary does not purport to be a complete description of all the laws and regulations, which are applicable to our business and operations. Investors should note that the following summary is based on relevant laws and regulations in force as of the date of this document, which may be subject to change.

Regulations Relating to Foreign Investment

On March 15, 2019, the NPC promulgated the Foreign Investment Law of the PRC (中華人民共和國外商投資法, the "Foreign Investment Law"), which became effective on January 1, 2020 and replaced three existing laws regulating foreign investment in China, namely, the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法), the Wholly Foreign-Invested Enterprise Law of the PRC (中華人民共和國外資企業法), and the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (中華人民共和國中外合作經營企業法) together with their implementation rules and ancillary regulations. Pursuant to the Foreign Investment Law, foreign investment means the investment activities within the PRC directly or indirectly conducted by foreign natural persons, enterprises, and other organizations, including the following circumstances: (1) establishing foreign-invested enterprises in mainland China either individually or jointly with other investors; (2) obtaining stock shares, stock equity, property shares, other similar interests in Chinese domestic enterprises; (3) investing in new projects in mainland China either individually or jointly with other investors; and (4) making investment through other means provided by laws, administrative regulations, or State Council provisions.. For any field restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list. Fields not included in the negative list shall be managed under the principle that domestic investment and foreign investment shall be treated uniformly. On December 26, 2019, the State Council adopted the Implementation Rules of the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例), which came into effect on 1 January 2020 and simultaneously abolished the Implementation Regulations of Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法實施條例), Interim Provisions on the Contract Term of Chinese-foreign Equity Joint Ventures (中外合資經營企業合營期限暫行規定), Implementation Rules of on Foreign-funded Enterprises (中華人民共和國外資企業法實施細則), and the Implementation Rules of Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (中華人民共和國中外合作經營企業法實施細則). It further provides implementing measures and detailed rules to ensure the effective implementation of the Foreign Investment Law.

On June 30, 2019, the NDRC and the MOFCOM promulgated the Catalog of Industries for Encouraging Foreign Investment (2019 Version) (鼓勵外商投資產業目錄(2019年版), the "Encouraged Catalog"), which became effective on July 30 2019, replacing the previous encouraging catalog. On December 27, 2020, the NDRC and the MOFCOM promulgated the Catalog of Industries for Encouraging Foreign Investment (2020 Version) (鼓勵外商投資產業目錄(2020年版)), which will become effective on January 27, 2021. On June 23, 2020, the NDRC and the MOFCOM promulgated the Special Management Measures (Negative List) for the Access of Foreign Investment (2020 Version) (外商投資准入特別管理措施(負面清單)(2020年版), the "Negative List"), which became effective on July 23, 2020, replacing previous negative list. Foreign investors shall not invest in the fields for which foreign investment is prohibited in the Negative List. Investment in restricted fields of investment in the Negative

List shall obtain foreign investment access permit. Unless otherwise prescribed by the PRC laws, any industries not falling into any of the encouraged, restricted or prohibited industries set out in the Encouraged Catalog and the Negative List are generally deemed as permitted for foreign investment.

On December 30, 2019, the MOFCOM and the SAMR, jointly promulgated the Measures for Information Reporting on Foreign Investment (外商投資信息報告辦法), which became effective on January 1, 2020. Pursuant to the measures, where a foreign investor directly or indirectly carries out investment activities in China, the foreign investor or the foreign-invested enterprise must submit the investment information to the competent commerce department for further handling.

On December 19, 2020, the NDRC and the MOFCOM promulgated Measures for Security Review of Foreign Investment (外商投資安全審查辦法), with an effective date of January 18, 2021. The Foreign Investment Security Review Mechanism (外商投資安全審查工作機制, the "Security Review Mechanism") in charge of organization, coordination and guidance of foreign investment security review is thereunder established. A working mechanism office shall be established under the NDRC and led by the NDRC and the Ministry of Commerce to undertake routine work on the security review of foreign investment. According to the Security Review Mechanism, foreign investment activities falling in the scope such as important cultural products and services, important information technologies and Internet products and services, important financial services, key technologies and other important fields that concern state security while obtaining the actual control over the enterprises invested in, a foreign investor or a party concerned in the PRC shall take the initiative to make a declaration to the working mechanism office prior to making the investment.

Regulations Relating to Value-added Telecommunication Services

Value-added Telecommunications Services

The Telecommunications Regulations of the PRC (中華人民共和國電信條例, the "Telecom Regulations"), promulgated by the State Council on September 25, 2000, as amended on July 29, 2014 and February 6, 2016, provides a regulatory framework for telecommunications services providers in the PRC. The Telecom Regulations categorizes telecommunications services into basic telecommunications services and value-added telecommunications services, and provides that telecommunications service providers are required to procure operating licenses prior to their commencement of operations. The Telecom Regulations also set out extensive guidelines with respect to different aspects of telecommunications operations in China. On December 28, 2015, the MIIT issued the Telecommunication Services Classification Catalog (2015 Edition) (電信業務分類目錄(2015年版)), which took effect on March 1, 2016 and was amended on June 6, 2019, stipulates that information services provided via fixed network, mobile network and Internet fall within value-added telecommunications services.

The Administrative Measures on Internet Information Services (互聯網信息服務管理辦法), which were promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, set out guidelines on the provision of Internet information services and classify Internet information services into commercial Internet information services and non-commercial Internet information services. A commercial Internet information services provider shall obtain a value-added telecommunications business operating license (the "ICP License") from the competent telecommunications authorities. The Administrative Measures for Telecommunications Businesses Operating Licensing (電信業務經營許可管理辦法), which were promulgated by MIIT on July 3, 2017 and became effective on September 1, 2017, sets forth more specific provisions regarding the types of licenses required to operate basic

telecommunications services and value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Accordingly, a telecommunication service operator holding the ICP License should report information such as business performance and service quality to the issuing authorities within the first quarter of each year.

Restrictions on Foreign Investment in Telecommunications Enterprises

Foreign direct investment in telecommunications companies in China is primarily governed by the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (外商投資電信企業管理規定), which was promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016. The regulations require foreign-invested value-added telecommunications enterprises in China to be established as sino-foreign equity joint ventures, and the proportion of capital contributed by the foreign investor(s) in such enterprise shall not ultimately exceed 50%. In addition, the main foreign investor who invests in a foreign-invested value-added telecommunications enterprises operating the value-added telecommunications business in China must demonstrate a record of good performance and experience in operating a value-added telecommunications business, provided such investor is a major one among the foreign investors investing in a value-added telecommunications enterprise in China.

According to the Negative List, foreign investments are limited to the telecommunications business opened pursuant to China's WTO accession commitments; the proportion of foreign investment in a value-added telecommunications business (excluding e-commerce business, domestic multi-party communications, store-and-forward and call centers) shall not exceed 50%; the basic telecommunication business must be controlled by the Chinese party.

Blockchain Information Services

The Cyberspace Administration of China (the "CAC") is the principal regulatory authority of the blockchain information services, responsible for the supervision, administration and regulation of blockchain information services in the PRC. On January 10, 2019, the CAC adopted the Provisions on the Administration of Blockchain Information Services (區塊鏈信息服務管理規定), which became effective on February 15, 2019. It stipulates that, among others, a blockchain information service provider shall meet the following requirements when engaging in blockchain information services within the territory of the PRC: (1) it shall file with the CAC through the filing management system for blockchain information services within 10 business days from the date of providing the service; (2) it takes the responsibility of information content security management, and shall establish and improve its management system in such aspects as user registration, information review, emergency response, and security protection; (3) it shall have the technical conditions commensurate with its services, and shall have the immediate and emergency response capabilities with respect to the release, recording, storage and dissemination of information prohibited by laws and administrative regulations. Its technical solutions shall conform to the relevant standards and specifications of the state; (4) for any new product, new application or new function, it shall report to the authority for security assessment; (5) it shall develop and disclose management rules and platform conventions, and enter into service agreements with blockchain information service users to specify their rights and obligations; and (6) it shall authenticate the identities of blockchain information services users according to PRC laws and regulations and no blockchain information services shall be provided to those users refusing to go through the identity authentication.

Regulations Relating to the Supply Chain Finance and Technology

On October 5, 2017, the State Council promulgated Guidance on Promoting Supply Chain Innovation and Application (關於積極推進供應鏈創新與應用的指導意見), which requests promoting supply chain finance servicing real economy and effectively guarding against supply chain finance risks, targeting to actively yet prudently develop supply chain finance. It is required to (1) enhance analysis and application of supply chain big data, and ensure the authenticity of transactions on which the account receivable and account payable are based; (2) strengthen the risk monitoring of supply chain finance; and (3) improve the mechanisms for the security, mortgage and pledge in the supply chain finance and encourage the registration of account receivable and other forms of pledge through the Unified Registration System for Movable Assets-Based Financing operated by PBOC's Credit Reference Center, in case of repeating pledge and forged pledges.

The Opinions on Promoting Regulated Development of Supply Chain Finance and Supporting Stable Circulation, Optimization and Upgrading of Supply Chains and Industrial Chains (關於規範發展供應鏈金融支持供應鏈產業鏈穩定循環和優化升級的意見, the "Opinions on Supply Chain Finance"), which was jointly promulgated by PBOC, MIIT, MOFCOM, CBIRC, SAFE, etc. on September 18, 2020, lays out several opinions in terms of the regulation, development and innovation of supply chain finance: (1) to accurately understand the concept and orientation of supply chain finance; (2) to steadily promote compliance, development and innovation of supply chain finance; (3) to strengthen the infrastructure development of supply chain finance; 4) to improve policy supporting system for supply chain finance; 5) to guard against the risk of supply chain finance; and 6) to strengthen supervision and oversight on supply chain finance. According to the Opinions on Supply Chain Finance, based on the supply chains and industrial chains as a whole, using fintech to integrate the information about logistics, capital flow as well as information flow, and in the context of authentic transactions, supply chain finance builds the financial supply system and risk assessment system which integrate anchor enterprises dominant in the supply chains with their upstream and downstream enterprises and provides systematic financial solutions, to enable quick responses to settlement, financing, financial management and other comprehensive needs of enterprises in the industrial chains, reduce business costs and raise the value of all parties concerned.

The Opinions on Supply Chain Finance further provides that, supply chain financial service platforms shall circulate accounts payable through legal and compliant financial instruments, and is prohibited to close the circulation or restrict financing service providers. Where anchor enterprises or third party supply chain platform companies intrude the interests of SMEs, relevant authorities shall step in and command rectification. Operations of supply chain finance business shall strictly comply with national macro policy and industrial policy. To circumvent the requirements of macro policy through supply chain products is prohibited. Factoring companies which operate supply chain finance business, shall strictly abide by the authorized scope of business, shall strengthen the compliance and risk management, and shall not operate any financial business without license or beyond the licensed scope. Third party supply chain platform companies shall not operate financial business in the name of supply chain finance, and shall not charge SMEs for overpayment of service in the name of supply chain finance.

Measures on Promoting the Development of FinTech in Shenzhen (Draft for Comments) (深圳市扶持金融科技發展若干措施(徵求意見稿), the "Shenzhen FinTech Draft Measures"), which was released by Shenzhen Local Financial Supervision Bureau on November 26, 2020, lays out several main policies for the development of fintech in Shenzhen: (1) to attract financial technology enterprise, such as permitting enterprises satisfying certain conditions to use FinTech in the name and business scope; (2) to support fintech projects, including encouraging the development of supply chain finance; (3) to promote key technology breakthrough of

fintech by providing qualified high-tech enterprises with settlement award, favorable tax policy and scientific research award; (4) to create great fintech development environment by providing support for office space, governmental service, supervision methods and capabilities, etc.; (5) to strengthen the training and introduction of fintech talents; and (6) to provide high quality fintech public services. Shenzhen FinTech Draft Measures provides favorable policies to encourage the development of supply chain finance. It stipulates that, for a supply chain finance technology enterprise that directly or indirectly helps small and micro enterprises access financing of more than RMB10 billion per year by using block-chain technology, shall receive rewards equal to 1/100000 of the funds received by small and micro enterprises, but no more than RMB2 million. However, Shenzhen FinTech Draft Measures has not been formally enacted.

Regulations Relating to the Commercial Factoring

On June 27, 2012, the MOFCOM promulgated the Circular on Issues Related to Commercial Factoring Pilot Program (關於商業保理試點有關工作的通知), according to which, commercial factoring enterprises are allowed to be established in Tianjin Binhai New Area and Shanghai Pudong New Area. It requires that the investor of a commercial factoring enterprise shall not make investment in virtue of any loans or entrusted funds. Commercial factoring enterprises are forbidden to engage in mixed operations, to conduct such financial activities as deposit taking and loan disbursement, and to engage in debt-collection or dunning business.

On October 9, 2012, the MOFCOM promulgated the Reply on the Implementation Plans for Commercial Factoring Pilot Program (關於商業保理試點實施方案的復函), requiring that a commercial factoring enterprise shall meet the following conditions: (1) its registered capital shall not be lower than RMB50 million; (2) it shall have two or more senior executives with management experience in the financial area and without bad credit record; (3) the company's foreign investors or affiliated entities shall have factoring performance and experience; (4) the name of a commercial factoring enterprise shall include "commercial factoring;" (5) the amount of its risk asset shall not exceed ten times of its net asset in conducting business; (6) it shall register each assignment of accounts receivable in the Registration and Publication System for Pledge with Accounts Receivable at the PBOC's Credit Reference Center for the publication of the ownership of accounts receivable. According to the Decision of the Ministry of Commerce on Amending Some Rules and Regulatory Documents (關於修改部分規章和規範性文件的決定) issued by the MOFCOM on October 28, 2015, the requirement that the registered capital of a commercial factoring enterprise shall not be lower than RMB50 million has been removed.

On May 8, 2018, the General Office of the MOFCOM issued the Notice on Matters Concerning Adjustments to the Responsibility to Regulate Finance Lease Companies, Commercial factoring enterprises and Pawnshops (關於融資租賃公司、商業保理公司和典當行管理職責調整有關事宜的通知), stipulating that, with effect from April 20, 2018, the authority for developing the rules for business operation of commercial factoring enterprises and regulatory rules shall be transferred from the MOFCOM to the CBIRC.

On October 18, 2019, the CBIRC promulgated the Circular on Strengthening the Supervision and Administration of Commercial Factoring Enterprises (關於加強商業保理企業監督管理的通知) (the "Circular 205"). Pursuant to Circular 205, a commercial factoring enterprise is prohibited from: (1) absorbing public deposits directly or in any disguised form; (2) borrowing funds through online lending information intermediary institutions, various local trading places, asset management institutions, private investment funds and other institutions; (3) borrowing funds from other commercial factoring enterprises or doing so in any disguised form; (4) disbursement of loans, or entrusted disbursement of loans; (5) engaging in the

collection of accounts receivable or debts irrelevant to commercial factoring in a specialized manner or entrusted to conduct such activities; or (6) factoring financing based on any illegal underlying transaction contract, consignment contract, accounts receivable with disputable ownership, or a claim for payment arising from any bill or other negotiable securities. Commercial factoring enterprises are allowed to finance from banks and non-banking financial institutions, or through other channels like shareholders' loans, issuance of bonds, and re-factoring. The sources of financing shall comply with the relevant laws and regulations of the PRC. Commercial factoring enterprise shall comply with the following regulatory requirements: (1) the accounts receivable transferred from the same debtor shall not exceed 50% of the total amount of its risk assets; (2) the accounts receivable transferred from its affiliates shall not exceed 40% of the total amount of its risk assets; (3) the factoring financing funds that have been overdue for 90 days shall be classified as non-performing assets; (4) the risk provision shall not be less than 1% of the balance of the financing factoring business; and (5) the risk assets shall not exceed 10 times of its net assets. And commercial factoring enterprises shall report to financial regulatory authority within 10 business days upon occurrence of the following matters: (1) a single affiliated transaction that accounts for 5% or more of its net assets; (2) a single debt that accounts for 10% or more of its net assets; (3) a single contingent liability that accounts for 20% or more of its net assets; (4) any major loss or compensatory liability that accounts for 10% or more of its net assets; and (5) any major pending litigation or arbitration. In addition, each financial regulatory authority shall coordinate with the administration for market regulation in strictly controlling the registration of commercial factoring enterprises before promulgation of the administrative measures for market access of commercial factoring enterprises. If the establishment of a new enterprise is necessary, the financial regulatory authority shall set up a consultation mechanism with the market supervision authorities. Any change in the place of registration of commercial factoring enterprises is under strict scrutiny. It is prohibited to change the place of registration to any of other provinces, autonomous regions, municipalities or cities specifically designated in the state plan. Each financial regulatory authority shall strictly examine and verify the applications for any change of equity interest filed by the commercial factoring enterprises in the list of regulation, strengthen the examination of the backgrounds, investment intentions and sources of investment funds of new shareholders, and strictly prohibit new shareholders from investing in commercial factoring enterprises with non-self-owned funds such as debt funds and entrusted funds.

On November 26, 2019, the Guangdong Provincial Financial Supervision and Administration Bureau issued the Notice of The Local Financial Supervision Administration of Guangdong Province on Further Organizing and Carrying out the Liquidation and Standardization Work of Commercial Factoring Industry (廣東省地方金融監督管理局關於進一步組織開展商業保理行業清理規範工作的通知, the "Notice 872"), which stipulated that before the promulgating of the national market access management measures for commercial factoring enterprises, the registration and alteration of commercial factoring enterprises shall be handled according to Article 17 and Article 18 of the Circular 205. If it is indeed necessary to conduct establishment or alterations, the competent financial authorities of each city shall establish a consultation mechanism with the market supervision authorities at the same level to form a consensus, which shall be submitted in writing to the local financial supervision authorities at the provincial level for examination and approval.

Regulations Relating to Factoring Contracts

On May 28, 2020, the Civil Code of the PRC (中華人民共和國民法典, the "Civil Code") was adopted by the NPC. The Civil Code became effective on January 1, 2021 and has replaced the General Principles of the Civil Law of the PRC (中華人民共和國民法通則), the Security Law of the PRC (中華人民共和國擔保法), the Contract Law of the PRC (中華人民共和國合同法), the Real Right Law of the PRC (中華人民共和國物權法), the General Rules of the Civil Law of the PRC (中華人民共和國民法總則) and several other basic civil laws in the PRC. The Civil Code integrates "factoring contract" as one of the typical contracts and has laid down the foundation of the factoring legislations. According to the Civil Code, a "factoring contract" is a contract whereby an accounts receivable creditor assigns its existing or future accounts receivable to a factor, who provides financial facilities, management or collection of accounts receivable, assurance of payment from accounts receivable debtors, and other services. A factoring contract shall be in written form and shall be comprised of clauses such as type of business, scope of services, term of services, information on basic transaction contract, accounts receivable information, factoring financing funds or service remuneration, and payment method thereof. Apart from above, the Civil Code also provides provisions in relations to treatment of fictitious accounts receivable, notice to debtor, recourse factoring, non-recourse factoring as well as repetitive assignment of accounts receivable.

Regulations relating to Competition and Anti-monopoly Law

Anti-monopoly Law

Anti-monopoly Law of the PRC (中華人民共和國反壟斷法) (the "Anti-monopoly Law"), which was promulgated by the Standing Committee of the NPC on August 30, 2007 and took effect on August 1, 2008, prohibits monopolistic conduct, such as entering into monopoly agreements, abuse of dominant market position and concentration of undertakings that have the effect of eliminating or restricting competition. Competing business operators may not enter into monopoly agreements that eliminate or restrict competition, by (i) joint boycotting transactions, (ii) fixing or changing the price of commodities, (iii) limiting the output of commodities, (iv) allocating the markets for sales or purchases of raw materials, (v) limiting the purchase of new technology and new facilities or the development of new products and new technology, (vi) fixing the price of commodities or restricting the lowest price of commodities for resale to third parties; or (vii) other acts stipulated by laws or identified by relevant governmental authorities, unless such agreement can satisfy the limited exemptions under the Anti-monopoly Law. Sanctions for violations include an order to cease the relevant activities, and confiscation of illegal gains and fines (from 1% to 10% of sales revenue from the previous year, or no more than RMB500,000 if the intended monopoly agreement has not been performed).

Anti-unfair Competition Law

Competition among business operators is generally governed by the Anti-unfair Competition Law of the PRC (中華人民共和國反不正當競爭法) (the "Anti-unfair Competition Law"), which was promulgated by the Standing Committee of the NPC on September 2, 1993 and amended on November 4, 2017 and April 23, 2019 respectively. According to the Anti-unfair Competition Law, when trading on the market, operators must abide by the principles of voluntariness, equality, fairness and honesty and observe laws and business ethics. Acts of operators constitute unfair competition where they contravene the provisions of the Anti-unfair Competition Law and disturb market competition with a result of damaging the lawful rights and interests of other operators or consumers. When the lawful rights and interests of an operator are damaged by the acts of unfair competition, it may institute proceedings in a

people's court. In comparison, where an operator commits unfair competition in contravention of the provisions of the Anti-unfair Competition Law and causes damage to another operator, it will be responsible for compensating for the damages. Where the losses suffered by the injured operator are difficult to calculate, the amount of damages will be the profit gained by the infringer through the infringing act. If an operator seriously infringes a trade secret in bad faith, the amount of compensation the operator will undertake will be up to not more than five times the amount of such damages. The infringer will also bear all reasonable costs paid by the injured operator to prevent the infringement.

Regulations Relating to Anti-Money Laundering

The PRC Anti-Money Laundering Law (中華人民共和國反洗錢法), issued by the Standing Committee of the NPC on October 31, 2006 and came into effect on January 1, 2007, sets forth the principal anti-money laundering requirements applicable to financial institutions as well as non-financial institutions with anti-money laundering obligations, including the adoption of precautionary and supervisory measures, establishment of various systems for client identification, retention of clients' identification information and transactions records, and reports on large transactions and suspicious transactions. According to the PRC Anti-Money Laundering Law, financial institutions subject to the PRC Anti-Money Laundering Law include banks, credit unions, trust investment companies, securities companies, futures brokerage companies, insurance companies and other financial institutions as listed and published by the State Council, while the list of the non-financial institutions with anti-money laundering obligations will be published by the State Council. The PBOC and other governmental authorities issued a series of administrative rules and regulations to specify the anti-money laundering obligations of financial institutions and certain non-financial institutions. However, the State Council has not promulgated the list of the non-financial institutions with anti-money laundering obligations.

The Guidelines to Promote Healthy Development of Internet Finance (關於促進互聯網金融健康發展的指導意見) jointly promulgated by PBOC and other governmental authorities on July 18, 2015, among other things, requires traditional financial institutions and Internet enterprises (the "Engaging Entities) which provide financing, payment, investment, and information intermediary services by using Internet technologies and information and communication technologies to comply with certain anti-money laundering requirements, including the establishment of a client identification program, the monitoring and reporting of suspicious transactions, the preservation of client information and transaction records, and the provision of assistance to the public security department and judicial authority in investigations and proceedings in relation to anti-money laundering matters. PBOC is in charge of formulating the related implements rules.

Regulations Relating to Information Security and Confidentiality of User Information

PRC government authorities have enacted laws and regulations with respect to Internet information security and confidentiality of user information, including the Provisions on the Technical Measures for Internet Security Protection (互聯網安全保護技術措施規定) issued by the Ministry of Public Security (the "MPS") on December 13, 2005 and effective on March 1, 2006, and the Administrative Measures for the Hierarchical Protection of Information Security (信息安全等級保護管理辦法) jointly issued by the MPS, the State Secrecy Administration and other relevant authorities on June 22, 2007, the Several Provisions on Regulating the Market Order of Internet Information Services (規範互聯網信息服務市場秩序若干規定) promulgated on December 29, 2011 and effective on March 15, 2012, the Decision on Maintaining Internet Security (關於維護互聯網安全的決定) enacted by the Standing Committee of the NPC on December 28, 2000 and amended on August 27, 2009, the Measures for Security Protection

Administration of the International Networking of Computer Information Networks (計算機信息網絡國際聯網安全保護管理辦法) which was promulgated by the MPS on December 16, 1997 and last amended by the State Council on January 8, 2011, the Decision on Strengthening Network Information Protection (關於加強網絡信息保護的決定) promulgated by the Standing Committee of the NPC on December 28, 2012, and the Provisions on Protection of Personal Information of Telecommunications and Internet Users (電信和互聯網用戶個人信息保護規定) issued by the MITT promulgated on July 16, 2013 and came into effect on September 1, 2013.

According to the aforementioned provisions, without the consent of users, Internet information service providers shall not collect personal information relevant to the users that can recognize the identity of the users independently or in combination with other information (the "personal information of users"), nor shall provide personal information of users to others, unless otherwise provided by laws and administrative regulations. Where Internet information service providers collect personal information of users with the approval of the users, they shall explicitly inform the users of the means of collecting and processing personal information of users and contents and purposes thereof and shall not collect other personal information of users than those necessary for them to provide services, nor shall use the personal information of users for other purposes than those of providing services. In addition, Internet information service providers shall strengthen system safety protection, maintain the safety of information uploaded by users, and safeguard the use, modification and deletion of the uploaded information by users. Internet information service providers shall not have the following acts: (1) modify or damage the information uploaded by users without approval and justifiable reasons; (2) without the consent of users, provide the information uploaded by users to others, unless otherwise provide by laws and administrative regulations; (3) transfer the information uploaded by users without approval or in the name of users, or cheat, mislead or coerce users in collecting and using the information uploaded thereby; and (4) other acts that endanger the safety of the information uploaded by users.

On November 7, 2016, the Standing Committee of the NPC promulgated the Cyber Security Law of the PRC (中華人民共和國網絡安全法) (the "Cyber Security Law"), which became effective on June 1, 2017, pursuant to which, network operators shall strictly keep confidential users' personal information that they have collected, and establish and improve the users' information protection system. Those who provide services through networks shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. In addition, the Cyber Security Law requires that, where network products and services have the function of collecting users' information, the providers shall clearly notify their users and obtain their consent.

Regulations Relating to Intellectual Property

Copyright

The Standing Committee of the NPC adopted the Copyright Law of the PRC (中華人民共和國著作權法) in 1990 and amended it in 2001 and 2010, respectively. The amended Copyright Law extends copyright protection to Internet activities, products disseminated over the Internet and software products. Regulations of the PRC for the Implementation of Copyright Law (中華人民共和國著作權法實施條例) was promulgated by the State Council on August 2, 2002 and amended on January 30, 2013. Pursuant to the Copyright Law and its implementation rules, creators of protected works enjoy personal and property rights, including, among others, the right of disseminating the works through information networks.

In order to further protect the computer software, the Computer Software Protection Regulations (計算機軟件保護條例) promulgated by the State Council on December 20, 2001 and last amended on January 30, 2013, which became effective on March 1, 2013, provides that the software copyright holder is entitled to the right of publication, acknowledgement, alteration, reproduction, distribution, leasing, dissemination through information networks, translation, etc. In addition, the State Copyright Bureau issued the Computer Software Copyright Registration Procedures (計算機軟件著作權登記辦法) on February 20, 2002, which applies to the registration of software copyright and to the registration of exclusive software copyright licensing contracts and transfer contracts.

Trademark

According to the Trademark Law of the PRC (中華人民共和國商標法) promulgated by the Standing Committee of the NPC in August 1982, and recently amended in April 2019, and the Implementation Regulations for Trademark Law (中華人民共和國商標法實施條例) promulgated in August 2002 and amended in April 2014 by the State Council, the period of validity for a registered trademark is ten years, commencing from the date of registration. The registrant must go through the formalities for renewal within twelve months prior to the expiry date of the trademark if continued use is intended. Where the registrant fails to do so, a grace period of six months may be granted. The validity period for each renewal of registration is ten years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark will be canceled.

Domain Name

Domain names are primarily protected under the Administrative Measures on the Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on August 24, 2017. The MIIT is the major regulatory body responsible for the administration of the PRC Internet domain names. The registration of domain names adopts a first-to-file rule.

On November 27, 2017, the MIIT promulgated the Notice on Regulating the Use of Domain Names in Providing Internet-based Information Services (關於規範互聯網信息服務使用域名的通知), which became effective on January 1, 2018. Pursuant to the notice, the domain name used by an Internet-based information service provider in providing Internet-based information services must be registered and owned by such provider in accordance with the law. If the Internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity's shareholders), or the entity's principal or senior executive.

Patent

The Patent Law of the PRC (中華人民共和國專利法) promulgated by the Standing Committee of the NPC on March 12, 1984, and was further amended in September 4, 1992, August 25, 2000, December 27, 2008. On June 15, 2001, the State Council promulgated the Implementation Regulation for the Patent Law (中華人民共和國專利法實施細則), which was amended on January 9, 2010 and became effective on February 1, 2010. According to the Patent Law of the PRC and its implementing regulations, the State Intellectual Property Office of the PRC is primarily responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, "invention," "utility model" and "design." Invention patents are valid for twenty years, while design patents and utility model patents are valid for ten years, from the date of application. The Chinese patent

system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

On October 17, 2020, the Standing Committee of the NPC adopted the amendment to the Patent Law of the PRC (the "New Patent Law"). The New Patent Law will become effective on June 1, 2021, according to which the invention patents are valid for twenty years, while utility model patents and design patents are valid for ten years and fifteen years respectively, from the date of application.

Regulations Relating to Merger & Acquisition

On August 8, 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, promulgated the Rules on Merger & Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者並購境內企業的規定) (the "M&A Rules"), a regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and was revised on June 22, 2009. Foreign investors should comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the asset; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets, and operate the assets. The M&A Rules, among other things, purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

Regulation Relating to Foreign Exchange

The foreign Exchange Administration Regulations of the PRC (中華人民共和國外匯管理條例) promulgated by the State Council on January 29, 1996 and amended on August 5, 2008, and the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) promulgated by the PBOC which became effective on July 1, 1996 apply and provide regulatory provisions to the foreign exchange transactions. While the international payment and transfer for current account items, including the goods and service-related foreign exchange transactions and other current exchange transactions are not restricted, but foreign exchange transactions under capital account items, such as direct investments, loans, capital transfer and investments in securities is subject to restrictions, including registrations and approvals of the SAFE.

On July 4, 2014, SAFE promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Offshore Investing and Financing and Round-Trip Investing by Domestic Residents through Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the "SAFE Circular 37"), for the purpose of simplifying the approval process, and for the promotion of the cross-border investment. The SAFE Circular 37 regulates the relevant matters involving foreign exchange registration for round-trip investment. Under the SAFE Circular 37, in the event the change of basic information of the registered offshore special purpose vehicle such as the individual

shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the domestic resident shall complete the change of foreign exchange registration formality for offshore investment.

On February 13, 2015, SAFE promulgated the Notice on Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the "SAFE Circular 13") effective from June 1, 2015, which cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment. In addition, it simplifies the procedure of registration of foreign exchange and investors shall register with banks to have the registration of foreign exchange under the condition of direct domestic investment and direct overseas investment. However, remedial registration applications made by PRC residents that previously failed to comply with the SAFE Circular 37 continue to fall under the jurisdiction of the relevant local branch of the SAFE. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

On June 9, 2016, SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知), providing that, in addition to foreign exchange capital, foreign debt funds and proceeds remitted from foreign listings should also be subject to the discretional foreign exchange settlement, but also lifted the restriction, that foreign exchange capital under the capital accounts and the corresponding Renminbi capital obtained from foreign exchange settlement should not be used for repaying the inter-enterprise borrowings (including advances by the third party) or repaying the bank loans in Renminbi that have been sub-lent to the third party.

On October 23, 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (關於進一步促進跨境貿易投資便利化的通知), which in principle, among other things, allows all foreign-invested companies to use their capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

On April 10, 2020, SAFE promulgated the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (關於優化外匯管理支持涉外業務發展的通知). According to which, eligible enterprises are allowed to make domestic payments by using their registered capitals, foreign debts and financings from overseas listing, with no need to provide authenticity certification materials of each of such funds for banks in advance, provided that their funds usage shall be authentic and in line with the currently effective administrative regulations on the use of funds under capital accounts. The relevant banks may conduct random inspection in accordance with the relevant requirements, in which case the certain authenticity certification of such funds may be required to be provided.

Regulations Relating to Foreign Debt

A foreign debt in foreign currencies owed by domestic organisations to non-residents is considered to be foreign debt in China and is regulated by various laws and regulations, including the Provisional Regulations on the Monitoring of External Debt (外債統計監測暫行規定) promulgated on August 27, 1987, the Detailed Rules for the Implementation of Provisional Regulations on Statistics and Supervision of External Debt (外債統計監測實施細則) promulgated on September 24, 1997, the Regulation of the PRC on Foreign Exchange Administration, the Interim Provisions on the Management of Foreign Debts (外債管理暫行辦法) promulgated on January 8, 2003, and the Administrative Measures for Registration of Foreign Debts (外債登記管理辦法) promulgated on April 28, 2013. Under these rules and regulations, the debtor shall register or report the information on the signing of contract, withdrawal, repayment and settlement and sale of foreign exchange for foreign debts with and to the competent authority pursuant to the required method. Where the foreign debt loan contract is altered or the outstanding foreign debts balance is zero and the debtor has no more withdrawal, the debtor shall go through the relevant formalities for registration as required.

Pursuant to the Circular on Promoting the Administrative Reform of the Record-filing and Registration System for the Issuance of Foreign Debts by Enterprises (關於推進企業發行外債備案登記制管理改革的通知) promulgated by the NDRC on September 14, 2015, foreign debts refer to debt instruments with a term of one year or more that are borrowed from overseas by domestic enterprises and their controlled overseas enterprises or branch offices. An enterprise that plans to issue foreign debts shall apply to the NDRC in advance for filing and if the NDRC decides to accept the filing application, it will issue the Certificate on the Filing and Registration of Foreign Debts Issued by Enterprises. Within ten working days after the completion of each issuance, the issuing enterprise shall report issuance information to the NDRC.

Regulations on Stock Incentive Plans

In February 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知, the "Stock Option Rules,"), replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, domestic individuals, referring to the PRC residents and non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

Regulations Related to Tax

Enterprise Income Tax

On March 16, 2007, the NPC promulgated the Law of the PRC on Enterprise Income Tax (中華人民共和國企業所得税法), which was amended on February 24, 2017 and on December 29, 2018. On December 6, 2007, the State Council enacted the Regulations for the Implementation of the Law of the PRC on Enterprise Income Tax (中華人民共和國企業所得税法實施條例) (collectively, the "EIT Law"), which became effective on January 1, 2008 and was amended on April 23, 2019. According to the EIT Law, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知), promulgated by the STA on April 22, 2009 and last amended on December 29, 2017, sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC.

The EIT Law and the implementation rules provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are "non-resident enterprises," and gains derived by such investors, which (1) do not have an establishment or place of business in the PRC or (2) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排) (the "Double Tax Avoidance Arrangement") and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (國家税務總局關於執行税收協定股息條款有關問題的通知) issued on February 20, 2009 by the STA, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

On February 3, 2018, the STA issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (關於税收協定中"受益所有人"有關問題的公告) ("Circular 9"), effective as of April 1, 2018, which provides guidance for determining whether a resident of a contracting state is the "beneficial owner" of an item of income under China's tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner and, therefore, will not qualify for these benefits.

According to the EIT Law, a high and new technology enterprise that is necessary to be supported by the state may undergo the tax preference, whose EIT tax rate is 15%. Pursuant to the Administrative Measures for the Recognition of High and New Technology Enterprises (高新技術企業認定管理辦法), promulgated on April 14, 2008 and amended on January 29, 2016, the certificate of a high and new technology enterprise is valid for three years and may renewed after the inspection of STA and other relevant authorities.

Value-added Tax and Business Tax

According to the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值税暫行條例) (the "VAT Regulations"), which was promulgated by the State Council on December 13, 1993 and was amended in November 2008, February 2016 and November 2017, and the Implementing Rules of the Provisional Regulations on Value-added Tax (增值税暫行條例實施細則), which was promulgated by the Ministry of Finance of the PRC (the "MOF") on December 18, 2008 and subsequently amended by the MOF and the STA on October 28, 2011, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay value-added tax.

Pursuant to the Provisional Regulations of the PRC on Business Tax (中華人民共和國營業税暫行條例) (the "Business Tax Regulations"), which became effective on January 1, 1994 and annulled on November 19, 2017, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC shall pay business tax. The taxable items and the rates of business tax are prescribed in the List of Items and Rates of Business Tax (營業税税目税率表) attached to the regulation.

On November 16, 2011, the MOF and the STA have implemented the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (營業税改徵增值税試點方案) (the "VAT Pilot Plan"), which imposes VAT in lieu of business tax for production-oriented service industries such as the transportation industry and some modern service industries in certain regions.

According to the Notice of the MOF and the STA on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (關於全面推開營業税改徵增值税試點的通知), which became effective on May 1, 2016 and was last amended on March 20, 2019, entities and individuals engaging in the sale of services, intangible assets or fixed assets within the territory of the PRC are required to pay value-added tax instead of business tax. The State Council amended the VAT Regulations and abolished the Business Tax Regulations concurrently on November 19, 2017.

Urban Maintenance and Construction Tax

In accordance with the Provisional Regulations of the People's Republic of China on Urban Maintenance and Construction Tax (中華人民共和國城市維護建設税暫行條例), which was promulgated by the State Council on February 8, 1985, came into effect on the same date and was recently amended on January 8, 2011, and the Notice from the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Payable by

Domestic and Foreign-invested Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設税和教育費附加製度的通知), which was promulgated by the State Council on October 18, 2010 and came into effect on the same date, entities and individuals which are subject to consumption tax, VAT and business tax shall pay urban maintenance and construction tax. The tax rate is 7% for a taxpayer who is domiciled in a downtown area, and 5% for a taxpayer who is domiciled in a county or town, and 1% for a taxpayer who is domiciled outside a downtown area, county or town.

Regulations Relating to Employment and Social Welfare

The Labor Law

According to the Labor Law of the PRC (中華人民共和國勞動法) promulgated on July 5, 1994 and effective on January 1, 1995 and last amended on December 29, 2018, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate employees in labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labor protection.

The Labor Contract Law

The Labor Contract Law of the PRC (中華人民共和國勞動合同法) (the "Labor Contract Law"), which was implemented on January 1, 2008 and amended on December 28, 2012, is primarily aimed at regulating rights and obligations of the employee/employer, including matters with respect to the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law, employment contracts shall be concluded in written form if employment relationships are to be or have been established between enterprises or institutions and the employees. Enterprises and institutions are forbidden to force or force in disguise the employees to work beyond the statutory time limit and employers shall pay employees for overtime work in accordance with national regulations. In addition, the wages shall not be lower than local standards on minimum wages and shall be paid to the employees timely.

Social Insurance and Housing Fund

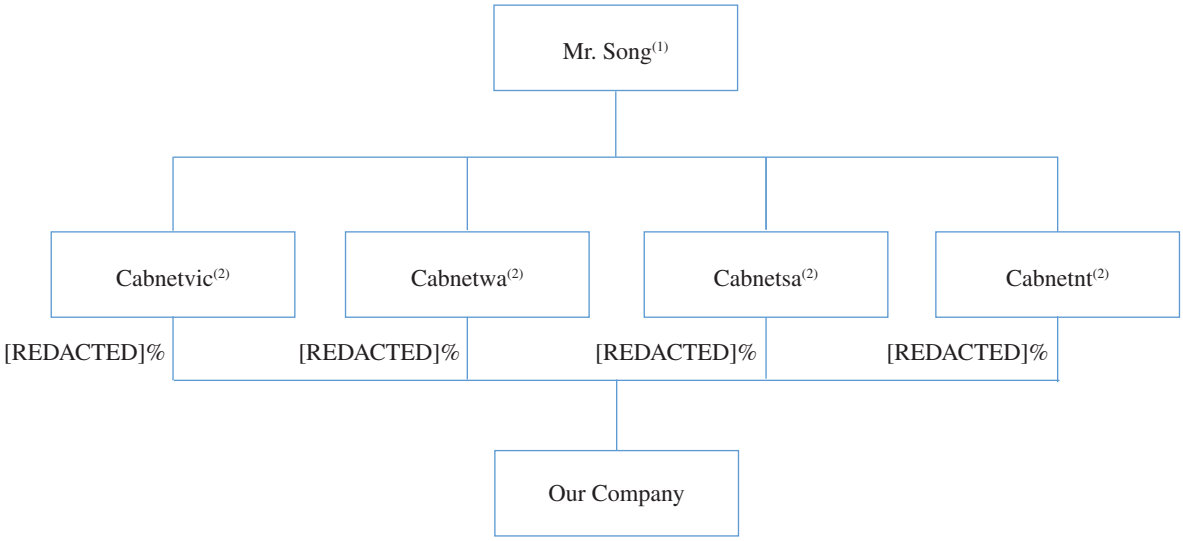
As required under the Regulation of Insurance for Labor Injury (工傷保險條例) implemented on January 1, 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (企業職工生育保險試行辦法) implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (國務院關於建立統一的企業職工基本養老保險制度的決定) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (國務院關於建立城鎮職工基本醫療保險制度的決定) promulgated on December 14, 1998, the Unemployment Insurance Measures (失業保險條例) promulgated on January 22, 1999 and the Social Insurance Law of the PRC (中華人民共和國社會保險法) implemented on July 1, 2011 and amended on December 29, 2018, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

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

CONTROLLING SHAREHOLDERS

Immediately after the completion of the [**REDACTED**], Mr. Song, one of our Co-founders, executive Director, Chairman of our Board and Chief Executive Officer, will be interested in and will control [**REDACTED**] Class A Shares and [**REDACTED**] Class B Shares through four shareholding entities, Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt. Each Class A Share has 10 votes per share and each Class B Share has one vote per share, capable of being exercised on resolutions in general meetings of our Company. Assuming the [**REDACTED**] is not exercised, Mr. Song's aggregated shareholding will be approximately [**REDACTED**]% of our issued share capital and he will hold approximately [**REDACTED**]% of the voting rights in our Company through shares beneficially owned by him capable of being exercised on resolutions in general meetings (except for resolutions with respect to a limited number of Reserved Matters). For certain Reserved Matters, the Class A Shares beneficially owned by Mr. Song carry one vote per share, and in relation to the Reserved Matters, the aggregate percentage of voting rights Mr. Song may exercise is approximately [**REDACTED**]%. Therefore, Mr. Song, Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt will be our Controlling Shareholders after the [**REDACTED**].

The following diagram illustrates our Controlling Shareholders' voting rights for resolutions in general meetings of our Company with respect to matters other than the Reserved Matters, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Notes:

(1) Immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Song will be interested in and will control [**REDACTED**] Class A Shares and [**REDACTED**] Class B Shares, representing approximately [**REDACTED**]% of the voting rights in our Company capable of being exercised on resolutions in general meetings of our Company in relation to matters other than the Reserved Matters, and approximately [**REDACTED**]% of the voting rights in our Company in relation to Reserved Matters, through Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt, which are all limited liability companies incorporated in the BVI and wholly-owned by Mr. Song.

(2) Mr. Song will hold Class A Shares through Cabnetvic, Cabnetwa and Cabnetsa, and will hold Class B Shares through Cabnetnt.

For further information about the weighted voting rights attached to the Class A Shares, please refer to the section headed "Share Capital" of this document.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are of the view that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after [**REDACTED**].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [**REDACTED**], our Board will consist of nine Directors comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. For more information, please see the section headed "Directors and Senior Management" of this document.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders because:

(a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(c) we have three independent non-executive Directors and certain matters of our Group must always be referred to the independent non-executive Directors for review;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please see the sub-section headed "Corporate Governance Measures" in this section for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role independently from our Controlling Shareholders.

Operational Independence

Our Group is not operationally dependent on our Controlling Shareholders. Our Group (through our subsidiaries and Consolidated Affiliated Entities) holds all material licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and an independent management team to operate our business.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders.

No loans or guarantees has been or will be provided by, or granted to, our Controlling Shareholders or their respective associates during the Track Record Period and as of the [**REDACTED**] Date.

Based on the above, our Directors 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 Controlling Shareholders and their respective associates after [**REDACTED**].

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

(1) under the Articles, where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective associates has a material interest, the relevant Controlling Shareholders or associates will not vote on the relevant resolutions;

(2) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their respective associates, our Company will comply with the applicable Listing Rules;

(3) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(4) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;

(5) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(6) 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 expense;

(7) we have appointed Rainbow Capital (HK) Limited as our compliance advisor on a permanent basis 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; and

(8) we [have] established our Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee with written terms of reference in compliance with the Listing Rules. All of the members of our Audit Committee and Corporate Governance Committee, including the chairman, are independent non-executive Directors.

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 Controlling Shareholders, and to protect our minority Shareholders' interests after [**REDACTED**].

OVERVIEW

We have entered into certain agreements under the Contractual Arrangements with parties that will be our connected persons (as defined under Chapter 14A of the Listing Rules). Following the [**REDACTED**], the transactions contemplated under such agreements will constitute our continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

Following the [**REDACTED**], the following parties, which have entered into certain written agreements with our Group under the Contractual Arrangements, will be connected persons of our Group:

Name	Connected Relationship
Mr. Song	one of our executive Directors and one of the Controlling Shareholders of our Company
Mr. Ji	one of our executive Directors
Ms. Chau	one of our executive Directors
Mr. Jiang Xiyong (蔣希勇)	a director of certain Consolidated Affiliated Entities of our Group
Ms. Song Ying (宋穎) ("**Ms. Song**")	Mr. Song's sister
Shenzhen Yalangu Investment Development Co., Ltd. (深圳亞藍谷投資發展有限公司) ("**Shenzhen Yalangu**")	a company wholly-owned by Ms. Song
Shenzhen Jianhuilian Investment Partnership (Limited Partnership) (深圳簡慧鏈投資合夥企業(有限合夥))	a company held as to approximately 70.96% by Shenzhen Yalangu
Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥))	a limited partnership, the general partner of which is Shanghai Loyal Valley Investment Management Co., Ltd. (上海正心谷投資管理有限公司) ("**Shanghai LVC**"), which is wholly-owned by Mr. Lin Lijun (林利軍) ("**Mr. Lin**"), a former Director of our Company who resigned in October 2020
Shanghai Qiangang Investment Management Partnership (Limited Partnership) (上海乾剛投資管理合夥企業)	a limited partnership, the general partner of which is Shanghai LVC, which is wholly-owned by Mr. Lin
Zhejiang Yiwu Leyun Investment Partnership (Limited Partnership) (浙江義烏樂雲投資合夥企業(有限合夥))	a limited partnership, the general partner of which is Shanghai LVC, which is wholly-owned by Mr. Lin

CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions of our Group which are subject to reporting, annual review, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Contractual Arrangements

Background for the Contractual Arrangements

We conduct a substantial part of our business through our Consolidated Affiliated Entities under a series of Contractual Arrangements entered into among Linklogis Supply Chain Services, Linklogis Digital, the Relevant Shareholders and the Other Parties. Through the Contractual Arrangements, we exercise effective control over the operations of each of the Consolidated Affiliated Entities. The Contractual Arrangements enable us to (i) receive substantially all of the economic benefits from our Consolidated Affiliated Entities in consideration for the services provided by Linklogis Supply Chain Services to Linklogis Digital; (ii) exercise effective control over our Consolidated Affiliated Entities; and (iii) hold an exclusive option to purchase all or part of the equity interests in the Consolidated Affiliated Entities when and to the extent permitted by PRC laws. Please see the section headed "Contractual Arrangements" of this document for details.

Principal terms

The Contractual Arrangements comprise the following agreements: Exclusive Service Agreement, Exclusive Option Agreement, Equity Pledge Agreement, Proxy Agreement and Power of Attorney and spousal undertakings by the respective spouse of each of the Other Parties (each term as defined in the section headed "Contractual Arrangements" of this document). Details of the continuing connected transactions (i.e. the transactions contemplated under the said agreements which constitute the Contractual Arrangements) entered into between the relevant connected persons and our Group are set out in the section beaded "Contractual Arrangements" of this document.

Listing Rules implications

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, such transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for the waiver application and the view of our Directors on the continuing connected transactions

Our Directors, including our independent non-executive Directors, are of the view that (i) the Contractual Arrangements are fundamental to our Group's legal structure and a part of our business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group's business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole.

Our Directors also believe that our Group's structure, whereby the financial results of the Consolidated Affiliated Entities are consolidated into our Group's financial statements as if they were our Group's subsidiaries, and the corresponding economic benefits of their business flows to our Group, places our Group in a special position in relation to the connected transactions rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval of independent shareholders.

In addition, given the Contractual Arrangements were entered into prior to the [**REDACTED**] and are disclosed in this document, and potential [**REDACTED**] of our Company will participate in the [**REDACTED**] on the basis of such disclosure, our Directors consider that compliance with the announcement and the independent shareholders' approval requirements in respect thereof immediately after [**REDACTED**] would add unnecessary administrative costs to our Company.

APPLICATION FOR AND CONDITIONS FOR WAIVER

In view of the above, we have applied to the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules for, and the Stock Exchange [has] granted, a waiver from (i) strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements, (ii) setting a maximum aggregate annual value, i.e. an annual cap, for the fees payable to Linklogis Supply Chain Services under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less, for so long as our Shares are listed on the Stock Exchange subject to the following conditions:

(a) *No Change without Independent Non-executive Directors' Approval* – No change to the Contractual Arrangements (including with respect to any fees payable to Linklogis Supply Chain Services thereunder) will be made without the approval of the independent non-executive Directors.

(b) *No Change without Independent Shareholders' Approval* – Save as described in the paragraph headed "— Renewal and Reproduction" below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our Company's independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in the paragraph headed "— Renewal and Reproduction" below) will however continue to be applicable.

(c) *Economic Benefits Flexibility* – The Contractual Arrangements shall continue to enable our Group to receive 100% of the economic benefits derived by Linklogis Digital through our Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of (i) the equity interests in Linklogis Digital held by the Relevant Shareholders for a nominal price or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which 100% of the profit generated by Linklogis Digital is retained by our Group, such that no annual cap shall be set on the

amount of service fees payable to Linklogis Supply Chain Services by Linklogis Digital under the Exclusive Service Agreement, and (iii) our Group's right to control the management and operation of, as well as, in substance, 100% of the voting rights of Linklogis Digital.

(d) *Renewal and Reproduction* – On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and Linklogis Digital, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(e) *Ongoing Reporting and Approvals* – our Company will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:

(i) The Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.

(ii) Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, have been operated so that the revenue generated by Linklogis Digital has been substantially retained by Linklogis Supply Chain Services; (ii) no dividends or other distributions have been made by Linklogis Digital to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and any new contracts entered into, renewed or reproduced between our Group and Linklogis Digital during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of our Company and the Shareholders as a whole.

(iii) Our Company's auditors will carry out procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange, at least 10 business days before our Company bulk prints its annual report, reporting their findings whether the transactions carried out pursuant to the Contractual Arrangements have received the approval of our Directors, have

been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by Linklogis Digital to the holders of their respective equity interests which are not otherwise subsequently assigned/transferred to our Group.

(iv) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person," Linklogis Digital will be treated as our Company's wholly-owned subsidiary, and the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of Linklogis Digital and their respective associates will be treated as our Company's "connected persons." As such, transactions between these connected persons and our Group (including for this purpose Linklogis Digital) other than those under the Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.

(v) Each of the Consolidated Affiliated Entities undertakes that, for so long as the Class B Shares are listed on the Stock Exchange, they will provide our Group's management and our Company's auditors with full access to its relevant records for the purpose of procedures to be carried out by our Company's auditors' on the connected transactions.

JOINT SPONSORS' AND DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described in this section have been entered into and are conducted: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms; and (iii) are fair and reasonable and in the interests of our Shareholders as a whole.

Based on the relevant documents and information provided by our Group and reviewed by the Joint Sponsors, the necessary representations and confirmations provided by our Company and the Directors to the Joint Sponsors and the Joint Sponsors' participation in the due diligence and discussions with the management of our Company and the PRC Legal Advisor, the Joint Sponsors are of the view that the Contractual Arrangements are fundamental to our Group's legal structure and a part of our business operations.

The Joint Sponsors are of the view that the non-exempt continuing connected transactions described above, and for which the waivers have been sought, have been entered into in the ordinary and usual course of business of our Group, on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

With respect to the term of the relevant agreements underlying the Contractual Arrangements which is of a duration longer than three years, the Joint Sponsors are of the view that it is justifiable and normal business practice to ensure that (i) the financials and operation of the Consolidated Affiliated Entities can be effectively controlled by Linklogis Supply Chain Services, (ii) Linklogis Supply Chain Services can obtain 100% of the economic benefits derived from the Consolidated Affiliated Entities, and (iii) any possible leakage of assets and values of the Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.

BOARD OF DIRECTORS

As of the date of this document, our Board of Directors comprises of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

The table below sets forth certain information in respect of the members of the Board of Directors of our Company:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as Director
Mr. Song Qun (宋群)	55	Executive Director, Chairman of the Board and Chief Executive Officer	Overall strategic planning, business direction and management of our Group, member of the Remuneration Committee and the Nomination Committee	February 27, 2016	March 13, 2018
Mr. Ji Kun (冀坤)	45	Executive Director and President	Overall business development, as well as the development and implementation of strategic projects of our Group	May 2, 2016	March 13, 2018
Ms. Chau Ka King (周家瓊)	60	Executive Director, Vice Chairperson of the Board and Chief Risk Officer	Overall risk control matters, legal, compliance and operations of our Group	April 8, 2016	March 13, 2018
Mr. Lin Haifeng (林海峰)	44	Non-executive Director	Providing advice on business strategies and development plans of our Group to our Board	October 15, 2019	October 15, 2019
Mr. Zhang Yuhan (張予焓)	35	Non-executive Director	Providing advice on business strategies and development plans of our Group to our Board	June 27, 2017	October 9, 2018
Mr. Zhao Yongsheng (趙永生)	34	Non-executive Director	Providing advice on business strategies and development plans of our Group to our Board	October 27, 2020	October 27, 2020

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as Director
Mr. Gao Feng (高峰)	57	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board, Chairman of the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee, and member of the Audit Committee	[**REDACTED**]	[**REDACTED**]
Mr. Tan Huay Lim (陳懷林)	64	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board, Chairman of the Audit Committee and member of the Corporate Governance Committee	[**REDACTED**]	[**REDACTED**]
Mr. Chen Wei (陳瑋)	58	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board, and member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee	[**REDACTED**]	[**REDACTED**]

EXECUTIVE DIRECTORS

Mr. Song Qun (宋群), aged 55, was appointed as our Director on March 13, 2018, and re-designated as our executive Director on January 7, 2021. Mr. Song was also appointed as the Chairman of the Board and Chief Executive Officer on January 7, 2021. Mr. Song co-founded our Group in 2016. He is responsible for overall strategic planning, business direction and management of our Group.

Mr. Song has approximately 30 years of experience in finance, Internet and technology related industries. Mr. Song worked at Australia and New Zealand Banking Group Limited in early 1990s. From May 1997 to August 2003, Mr. Song worked at JPMorgan Chase Bank and his last position was Vice President in Institutional Trust Services Department in Hong Kong. Mr. Song worked at The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") from August 2003 to December 2009 and his last position was the Global Head of Corporate Trust and Loan Agency Services. From January 2010 to October 2014, Mr. Song worked as the president of China Resources Bank of Zhuhai Co., Ltd. (珠海華潤銀行股份有限公司) ("**CR Bank**"). From March 2015 to February 2016, Mr. Song worked as the strategic consultant at Tencent Group, responsible for providing advice for the financial technology business. Mr. Song is currently an independent non-executive director of Ascential Plc (stock symbol: ASCL), a company listed on the London Stock Exchange.

Mr. Song received his Bachelor's degree in Engineering from Huazhong Institute of Technology (華中工學院) (currently known as Huazhong University of Science and Technology (華中科技大學)) in Wuhan, the PRC, in July 1985. Mr. Song received his Master's degree in Business Administration from the University of Melbourne in Melbourne, Australia, in March 1997.

Mr. Song currently holds directorship in Linklogis Digital, a principal operating entity of our Group.

Mr. Ji Kun (冀坤), aged 45, was appointed as our Director on March 13, 2018 and re-designated as our executive Director on January 7, 2021. Mr. Ji was also appointed as the President on January 7, 2021. Mr. Ji co-founded our Group in 2016. He is responsible for overall business development, as well as the development and implementation of strategic projects of our Group.

Mr. Ji has over 23 years of experience in finance industry. Mr. Ji worked at China Construction Bank (中國建設銀行), later known as China Construction Bank Corporation (中國建設銀行股份有限公司), a company listed on the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939), Shenzhen branch from July 1997 to March 2012. From March 2012 to May 2016, Mr. Ji successively worked as the general manager in the Industry Finance Department and the Corporate Banking Department at the headquarters of CR Bank.

Mr. Ji received his Bachelor's degree in Economics Information Management from China Finance University (中國金融學院) (currently known as the University of International Business and Economics (對外經濟貿易大學)) in Beijing, the PRC, in June 1997.

Mr. Ji currently holds directorship in the following principal operating entities of our Group: Linklogis Digital, Huanrong Lianyi Technology, Lianjie Factoring and Linklogis Factoring.

Ms. Chau Ka King (周家瓊), aged 60, was appointed as our Director on March 13, 2018, and re-designated as our executive Director on January 7, 2021. Ms. Chau was also appointed as the Vice Chairperson of the Board and Chief Risk Officer on January 7, 2021. She is responsible for overall risk control matters, legal, compliance and operations of our Group.

Ms. Chau has over 33 years of experience in finance industry. From July 1987 to February 1989, Ms. Chau worked as an Assistant Manager of the Commercial Department at Crédit Lyonnais. From February 1989 to September 1990, she served as the Senior Officer of the North China Marketing at Union Bank of Switzerland. From October 1990 to September 1994, she worked at the Corporate Credit Department of Lehman Brothers Asia Holdings Limited, first as an assistant Vice President and subsequently promoted to Vice President. She later transferred to the Treasury Department and worked there from October 1994 to May 1995 with last position as the Vice President. From May 1995 to August 2003, Ms. Chau worked as the Vice President of the Institutional Trust Department at JPMorgan Chase Bank. From August 2003 to August 2010, Ms. Chau worked at HSBC with last position as the Head of Corporate Trust and Loan Agency Services of Asia Pacific. Ms. Chau worked at CR Bank from October 2010 to February 2015, where she was appointed as the Risk and Managing Officer in December 2010, and was appointed as the Vice President in June 2013.

Ms. Chau received her Professional Diploma (equivalent to a Bachelor's degree) in Business Studies (Banking) from Hong Kong Polytechnic (now Hong Kong Polytechnic University) in Hong Kong in November 1983. She received her Master's degree in Applied Finance from Macquarie University in Sydney, Australia, in September 1994.

Ms. Chau currently holds directorship in Linklogis Digital, a principal operating entity of our Group.

NON-EXECUTIVE DIRECTORS

Mr. Lin Haifeng (林海峰), aged 44, was appointed as our Director on October 15, 2019 and re-designated as our non-executive Director on January 7, 2021.

Mr. Lin joined Tencent Group in November 2010. He served as the general manager of the Merger and Acquisitions Department at Tencent Group from November 2010 to June 2019, and has been the corporate vice president and head of Financial Technology Group at Tencent Group since June 2019.

Mr. Lin served as a non-executive director of China Literature Limited (閱文集團), a company listed on the Stock Exchange (stock code: 0772), from November 2014 to November 2019. He also served as an executive director of Huayi Tencent Entertainment Company Limited (華誼騰訊娛樂有限公司), a company listed on the Stock Exchange (stock code: 0419), from February 2016 to October 2019. In addition, he served as a non-executive director of Tongcheng-Elong Holdings Limited (同程藝龍控股有限公司), a company listed on the Stock Exchange (stock code: 0780), from January 2016 to November 2019. Mr. Lin has served as a non-executive director of Pinduoduo Inc. (拼多多), a company listed on NASDAQ (stock symbol: PDD) since June 2017.

Mr. Lin received his Bachelor's degree in Industrial Foreign Trade from the School of Foreign Economics and Trade (對外經濟貿易學院) at Zhejiang University (浙江大學) in Hangzhou, the PRC, in June 1997. Mr. Lin received his Master's degree in Business Administration from the Wharton School of the University of Pennsylvania in Philadelphia, the United States, in May 2003.

Mr. Zhang Yuhan (張予焓), aged 35, was appointed as our Director on October 9, 2018 and re-designated as our non-executive Director on January 7, 2021.

From April 2010 to July 2012, Mr. Zhang worked at investment banking department at CSC Financial Co., Ltd. (中信建投證券股份有限公司), a company listed on the Stock Exchange (stock code: 6066) and on the Shanghai Stock Exchange (stock code: 601066). Mr. Zhang has been a manager of Benyuan Investment Consulting (Beijing) Company Limited (a wholly-owned subsidiary of CCVP (HK) Limited (中信資本創投(香港)有限公司)) since July 2012.

Mr. Zhang has been a director of Shenzhen Ejiayou Information Technology Co., Ltd. (深圳易加油信息科技有限公司) since April 2017, a director of Shenzhen Dongxunda Technology Co., Ltd. (深圳東訊達科技有限公司) since May 2018, a director of CITIC (Shenzhen) Innovative Equity Investment Management Co., Ltd. (中信(深圳)創新股權投資管理有限公司) since October 2018 and a director of Kunshan Lingshang Education Development Co., Ltd. (昆山領尚教育發展有限公司) since December 2019. He is also a director of Beijing Qingyouyile Technology Co., Ltd. (北京青游易樂科技股份有限公司), a company listed on The National Equities Exchange and Quotations (NEEQ: 871292), since June 2020.

Mr. Zhang received his Bachelor's degree in Information and Computer Technology and Master's degree in Signal and Information Processing from Beijing University of Posts and Telecommunications (北京郵電大學) in Beijing, the PRC, in July 2007 and March 2010, respectively.

Mr. Zhao Yongsheng (趙永生), aged 34, was appointed as our Director on October 27, 2020 and re-designated as our non-executive Director on January 7, 2021.

Mr. Zhao worked at China Universal Asset Management Co., Ltd. (匯添富基金管理股份有限公司), serving as a senior analyst and assistant to the general manager from June 2010 to June 2015. He then has been serving as a managing director of Shanghai Loyal Valley Capital Investment Management Co., Ltd. (上海正心谷投資管理有限公司) since June 2015. Mr. Zhao has been serving as a director of Shanghai Fucong Financial Information Services Co., Ltd. (上海富聰金融信息服務公司) (currently known as "Shanghai Fucong Science and Technology Co., Ltd. (上海富聰科技有限公司)) since February 2018.

Mr. Zhao received his Bachelor's degree in Statistics, and his Master's degree in Finance from Nankai University (南開大學) in Tianjin, the PRC, in June 2007 and June 2010, respectively.

Mr. Zhao was accredited as a Financial Risk Manager by the Global Association of Risk Professionals in April 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gao Feng (高峰), aged 57, was appointed as our independent non-executive Director on the date of this document.

Mr. Gao worked at the Deutsche Bank Group from January 1996 to March 2020, with the last position as Chief Country Officer and Chairman of Deutsche Bank (China) Limited.

Mr. Gao received his Bachelor of Science degree from the University of Science and Technology of China (中國科學技術大學) in Hefei, the PRC in July 1982. He received his Doctor of Philosophy degree from the State University of New York at Stony Brook, the United States in August 1990. Mr. Gao was a research fellow in Center for Turbulence Research, Stanford University, the United States, from 1990 to 1993.

Mr. Tan Huay Lim (陳懷林), aged 64, was appointed as our independent non-executive Director on the date of this document.

Mr. Tan has more than more than 30 years of experiences in accounting and audit. He served as a partner at KPMG Singapore from October 1991 until his retirement in September 2015.

Mr. Tan has been serving as an independent non-executive director of the following companies listed on the main board of Singapore Stock Exchange: Zheneng Jinjiang Environment Holding Company Limited (浙能錦江環境控股有限公司) (stock symbol: BWM) since July 2016, an independent director of Dasin Retail Trust Management Pte. Ltd. (大信商用信託管理有限公司) (stock symbol: CEDU), the trustee-manager of Dasin Retail Trust, since December 2016, Koufu Group Limited (口福集團有限公司) (stock symbol: VL6) since June 2018, ASL Marine Holdings Ltd (stock symbol: A04) since August 2019 and Elite Commercial REIT Management Pte. Ltd. (stock symbol: MXNU), the manager of Elite Commercial REIT, since January 2020. Mr. Tan also served as an independent non-executive director of Hong Leong Asia Ltd. (stock symbol: H22) from October 2015 to April 2018.

Mr. Tan received his Bachelor's degree in Commerce (Accountancy) from Nanyang University (currently known as Nanyang Technological University) in Singapore in August 1978. He is a Fellow Member of the Institute of Singapore Chartered Accountants, the Association of Certified Accountants (United Kingdom), and the Certified Practising Accountants (Australia).

Mr. Tan was (i) a council member of the management committee from October 30, 2007 to March 31, 2013 of Ren Ci Hospital & Medicare Centre, a non-profit voluntary welfare organization established in Singapore, which was voluntarily dissolved on March 31, 2013; (ii) a director from July 1, 2020 to August 28, 2020 of Xihe Holdings (Pte) Ltd., an investment holding company incorporated in Singapore, which was placed under interim judicial management on August 13, 2020 and under judicial management on November 13, 2020; and (iii) a director from July 1, 2020 to August 28, 2020 of Xihe Capital (Pte) Ltd., an investment holding company incorporated in Singapore, which was liquidated pursuant to a members' voluntary winding up on October 22, 2020.

Mr. Tan confirmed that (i) there was no wrongful act on his part leading to such dissolution, judicial management and winding up of the above organization and companies and was not aware of any actual or potential claim that had been or would be made against him as a result of such dissolution, judicial management or winding up; and (ii) no misconduct or misfeasance on his part had been involved in such dissolution, judicial management and winding up of the above organization and companies.

Mr. Chen Wei (陳瑋), aged 58, was appointed as our independent non-executive Director on the date of this document.

Mr. Chen has almost 20 years of management consulting experience. Mr. Chen worked for Coca-Cola and Nike in marketing and general management earlier in his business career. Mr. Chen joined Hay Group from 2001 to 2014 and had successively served as a director, the managing director of Greater China Region, the managing director of Northeastern Asia, a global executive team member and a global board member of Hay Group. Subsequently, he served as the executive vice president and chief human resources officer at China Vanke Co., Ltd. (萬科企業股份有限公司), a company listed on the Stock Exchange (stock code: 2202) and the Shenzhen Stock Exchange (stock code: 000002) from February 2014 to June 2016. He served as the senior vice president of Didi Chuxing Technology Co. from June 2016 to March 2018. He has been serving as an independent non-executive director of Lianhua Supermarket Holdings Co., Ltd. (聯華超市股份有限公司), a company listed on the Stock Exchange (stock code: 0980) since March 2018. Mr. Chen has been serving as a Professor of Practice of Peking University HSBC Business School (北京大學匯豐商學院) and the director of the Center for Innovation and Entrepreneurship of Peking University HSBC Business School since March 2018.

Mr. Chen received his Bachelor's degree in Psychology from East China Normal University (華東師範大學) in Shanghai, the PRC in August 1984. He received his Master's degree in Workforce Learning and Development from the Pennsylvania State University in Pennsylvania, the United States in December 2000. He completed the Advanced Management Program at Harvard Business School in Cambridge, the United States, in October 2009.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company:

Name	Age	Date of Joining our Group	Position	Roles and Responsibilities
Mr. Song Qun (宋群)	55	February 27, 2016	Executive Director, Chairman of the Board and Chief Executive Officer	Overall strategic planning, business direction and management of our Group
Mr. Ji Kun (冀坤)	45	May 2, 2016	Executive Director and President	Overall business development, as well as the development and implementation of strategic projects of our Group
Ms. Chau Ka King (周家瓊)	60	April 8, 2016	Executive Director, Vice Chairperson of the Board and Chief Risk Officer	Overall risk control matters, legal, compliance and operations of our Group
Mr. Zhong Songran (鍾松然)	47	July 18, 2016	Chief Technology Officer	Research, development and innovation of the products and technologies of our Group
Mr. Li Xiaogang (李小剛)	44	May 7, 2019	Vice President	Strategic planning and business direction of our cross-border business
Mr. Zhao Yu (趙宇)	33	May 5, 2019	Chief Financial Officer	Corporate finance, investor relationship and strategic investment of our Group

Mr. Song Qun (宋群), aged 55, is our executive Director, Chairman of the Board and Chief Executive Officer. Please see his biograph in the sub-section headed "Executive Directors" in this section.

Mr. Ji Kun (冀坤), aged 45, is our executive Director and President. Please see his biograph in the sub-section headed "Executive Directors" in this section.

Ms. Chau Ka King (周家瓊), aged 60, is our executive Director, Vice Chairperson of the Board and Chief Risk Officer. Please see her biograph in the sub-section headed "Executive Directors" in this section.

Mr. Zhong Songran (鍾松然), aged 47, is our Chief Technology Officer and joined our Group in July 2016. Mr. Zhong is primarily responsible for research, development and innovation of the products and technologies of our Group.

Mr. Zhong has over 23 years' experience in finance, banking, Internet and technology related industry. Prior to joining our Group, he worked at Bank of China (中國銀行), later known as Bank of China Limited (中國銀行股份有限公司), a company listed on the Stock Exchange (stock code: 3988) and the Shanghai Stock Exchange (stock code: 601988), from July 1997 to

June 2005. Mr. Zhong then worked at Tencent Group from August to September 2005. After that, he worked at Boke Information Industry (Shenzhen) Co., Ltd. (later merged into Bank of China Limited) from September 2005 to August 2008. He then worked at Ping An Bank Co., Ltd. (平安銀行股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000001), as a manager from November 2008 to December 2010. Mr. Zhong worked at CR Bank from December 2010 to June 2016, successively serving as an assistant general manager of information technology department, vice general manager of electronic banking department and general manager of Internet finance department.

Mr. Zhong obtained his Bachelor's degree in Computer and Application from Shenzhen University (深圳大學) in Shenzhen, the PRC, in July 1997.

Mr. Li Xiaogang (李小剛) aged 44, is our Vice President and joined our Group in May 2019. Mr. Li is primarily responsible for strategic planning and business direction of our cross-border business. He is also the Chief Executive Officer of Linklogis International.

Mr. Li has approximately 20 years' experience in finance and banking industry. Prior to joining our Group, he served as a client manager in the corporate banking division, Beijing branch, Australia and New Zealand Banking Group, from July 2001 to March 2005. He then worked as an executive director and the Head of Trade Finance, China in the transactional banking division at JPMorgan Chase Bank (China) Co., Ltd. from June 2005 to July 2010. Subsequently, he served as a managing director and Head of Global Trade and Supply Chain Finance, Greater China at Bank of America Merrill Lynch Asia from October 2010 to March 2017. He then served as the vice-president of Wuhan Z-Bank Co., Ltd. (武漢眾邦銀行股份有限公司) from March 2017 to January 2019.

Mr. Li obtained his Bachelor of Economics from Central University of Finance and Economics (中央財經大學) in Beijing, the PRC in July 1998. He obtained his Master of Business Administration from Duke University in Durham, the United States in December 2011.

Mr. Zhao Yu (趙宇), aged 33, is our Chief Financial Officer and joined our Group in May 2019. Mr. Zhao is primarily responsible for corporate finance, investor relationship and strategic investment of our Group.

Prior to joining our Group, Mr. Zhao worked at Macquarie Capital Securities Limited from June 2010 to July 2011. He later worked at the investment banking division of Deutsche Bank AG, Hong Kong Branch from July 2011 to July 2014. Subsequently, he served as a Senior Investment Manager at the Merger and Acquisitions Department at Tencent Group from August 2016 to April 2019.

Mr. Zhao obtained his Bachelor's degree in Finance from Guanghua School of Management (光華管理學院) at Peking University (北京大學) in Beijing, the PRC, in July 2010. He obtained his Master's degree in Business Administration from the Sloan School of Management at Massachusetts Institute of Technology in Cambridge, the United States, in June 2016. He has been a CFA charterholder granted by CFA Institute since June 2019.

DIRECTORS' AND SENIOR MANAGEMENT'S INTERESTS

Save as disclosed above, none of our Directors or senior management members has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this document.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules as of the Latest Practicable Date.

As of the Latest Practicable Date, save for the interests in the shares of our Company held by Mr. Song, Mr. Ji and Ms. Chau, which are disclosed in the section headed "Statutory and General Information – C. Further Information about Our Directors" in Appendix IV to this document, none of our Directors held any interest in the securities within the meaning of Part XV of the SFO.

As of the Latest Practicable Date, none of our Directors or members of our senior management are related to other Directors or members of our senior management of our Company.

JOINT COMPANY SECRETARIES

Ms. Wang Yihan (王一涵), aged 31, was appointed as one of our joint company secretaries on the date of this document. Ms. Wang is our Senior Legal Expert and joined our Group in June 2019.

Prior to joining our Group, Ms. Wang worked at Lei Jiang LLC in Cleveland, the United States as an associate attorney from January 2014 to January 2017. She then practiced as a lawyer at Jingtian & Gongcheng (Shenzhen) (北京市競天公誠(深圳)律師事務所) from February 2017 to June 2019.

Ms. Wang obtained her Bachelor's degree in International Economics and Trade from Harbin Institute of Technology (哈爾濱工業大學) in Harbin, the PRC in July 2010. She obtained her Juris Doctor degree from Case Western Reserve University in Cleveland, the United States, in May 2013. She obtained her Master of Philosophy degree from the University of Hong Kong in Hong Kong in December 2017.

Ms. Wang was licensed and admitted by the Appellate Division of the Supreme Court of the State of New York, Third Judicial Department to practice as an attorney and counselor at law in the State of New York, the United States in January 2014. She later passed the National Judicial Examination of the PRC and was qualified by the Ministry of Justice of the PRC to practice law in the PRC in March 2015.

Mr. Wong Keith Shing Cheung (王承鏘), CPA, aged 33, was appointed as a joint company secretary of our Company on the date of this document. Mr. Wong has been a senior manager of SWCS Corporate Services Group (Hong Kong) Limited since March 2020, mainly responsible for managing the company secretarial and compliance work for companies listed on the Stock Exchange. Prior to joining SWCS Corporate Services Group (Hong Kong) Limited, Mr. Wong worked at KPMG, an international accounting firm, the investment department of Huajun Holdings Limited (now known as China Huajun Group Limited (中國華君集團有限公司)), a company listed on the Stock Exchange (stock code: 0377) and the Listing Division of the Stock Exchange.

Mr. Wong obtained his Bachelor's degree in Finance, Accounting and Management from University of Nottingham in Nottingham, the United Kingdom, in July 2009. He is a member of the Hong Kong Institute of Certified Public Accountants.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive compensation in the form of salaries, allowances, benefits-in-kind, discretionary bonuses, retirement scheme contributions and other share-based compensation. We determine the compensation of our Directors based on each Director's responsibilities, qualification, position and seniority. Each of the independent non-executive Directors [has] entered into an appointment letter with our Company effective upon the date of this document. For additional information, please refer to the section headed "Statutory and General Information — C. Further Information about Our Directors — 1. Particulars of Directors' service contracts and appointment letters" in Appendix IV to this document.

The aggregate amount of remuneration of our Directors (including salaries, allowances, benefits-in-kind, discretionary bonuses, retirement scheme contributions and other share-based compensation) for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 were approximately RMB9.6 million, RMB9.7 million and RMB12.8 million, respectively.

It is estimated that remuneration and benefits-in-kind (excluding share-based compensation, which may be paid to any Directors) equivalent to approximately RMB8.9 million in aggregate will be paid to our Directors by us in respect of the financial year ended December 31, 2020 under arrangements in force at the date of this document.

The aggregate amount of remuneration of our five highest paid individuals (including 3, 2, 3 Directors) for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 were approximately RMB10.1 million, RMB22.2 million and RMB19.9 million, respectively.

During the Track Record Period, no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the Track Record Period for the loss of office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please see Notes 8 and 9 of the Accountants' Report set out in Appendix I to this document.

Save as disclosed above in this section and the sections headed "Financial Information," "Accountants' Report" and "Statutory and General Information" of this document, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

CORPORATE GOVERNANCE

We have adopted certain corporate governance measures in compliance with the Corporate Governance Code. We aim to achieve a high standard of corporate governance, which is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code (other than as disclosed in "Corporate Governance Code" below) after the [**REDACTED**]. We [have] established the following committees in our Board of Directors: an Audit Committee, a Remuneration Committee, a Nomination Committee and a Corporate Governance Committee. The committees operate in accordance with terms of reference established by our Board of Directors.

Audit Committee

We [have] established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Tan Huay Lim, Mr. Gao Feng and Mr. Chen Wei. Mr. Tan Huay Lim, being the chairman of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, without limitation, assisting our Board by providing an independent view of the effectiveness of the financial controls, and internal control and risk management systems of our Group and overseeing the audit process.

Remuneration Committee

We [have] established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee consists of one executive Director, namely Mr. Song, and two independent non-executive Directors, namely, Mr. Gao Feng and Mr. Chen Wei. Mr. Gao Feng is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, without limitation, the following: (i) making recommendations to the Board on our Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) determining the delegated responsibility, the remuneration packages of individual executive Directors and senior management, or alternatively, making recommendations to the Board on such remuneration packages; and (iii) ensuring that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and are designed to align their interests with those of Shareholders and to give our Directors incentives to perform at the highest levels.

Nomination Committee

We [have] established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code and Chapter 8A of the Listing Rules. The Nomination Committee consists of one executive Director, namely Mr. Song, and two independent non-executive Directors, namely, Mr. Gao Feng and Mr. Chen Wei. Mr. Gao Feng is the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board of Directors on matters relating to the appointment of Directors.

Corporate Governance Committee

We [have] established the Corporate Governance Committee in compliance with Chapter 8A of the Listing Rules. The primary duties of the Corporate Governance Committee are to ensure that our Company is operated and managed for the benefit of all Shareholders and to ensure our Company's compliance with the Listing Rules and safeguards relating to the WVR structure of our Company.

The Corporate Governance Committee consists of three independent non-executive Directors, namely, Mr. Gao Feng, Mr. Tan Huay Lim and Mr. Chen Wei. Mr. Gao Feng is the chairman of the Corporate Governance Committee. For details of their experience in corporate governance related matters, please refer to their biographies in the sub-section headed "Independent Non-Executive Directors" above.

In accordance with Rule 8A.30 of the Listing Rules, the work of our Corporate Governance Committee as set out in its terms of reference includes:

(a) to develop and review our Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous vocational development of Directors and senior management;

(c) to review and monitor our Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of our Group (excluding for this purpose any special purpose bankruptcy remote entity);

(e) to review our Company's compliance with the Corporate Governance Code under the Listing Rules and disclosure in the Corporate Governance Report as required under the Listing Rules;

(f) to review and monitor whether our Company is operated and managed for the benefit of all of its Shareholders;

(g) to confirm, on an annual basis, that the WVR Beneficiary has been a member of the Board throughout the year and that no matters under Rule 8A.17 of the Listing Rules have occurred during the relevant financial year;

(h) to confirm, on an annual basis, whether or not the WVR Beneficiary has complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the year;

(i) to review and monitor the management of conflicts of interests and make a recommendation to the Board on any matter where there is a potential conflict of interest between a member of our Group and/or Shareholders (considered as a group) on one hand and any WVR Beneficiary on the other;

(j) to review and monitor all risks related to our Company's WVR structure, including connected transactions between a member of our Group on one hand and the WVR Beneficiary on the other and make a recommendation to the Board on any such transaction;

(k) to make a recommendation to the Board as to the appointment or removal of the compliance advisor;

(l) to seek to ensure effective and on-going communication between our Company and its Shareholders, particularly with regards to our Company's compliance with Section E "Communication with Shareholders" of Appendix 14 to the Listing Rules;

(m) to report on the work of the Corporate Governance Committee on at least a half-yearly and annual basis covering all areas of its terms of reference; and

(n) to disclose on a comply or explain basis, its recommendations to the Board in respect of the matters in items (i) to (k) above in the report referred to in item (m) above.

Pursuant to Rule 8A.32 of the Listing Rules, the Corporate Governance Report prepared by our Company for inclusion in our interim and annual reports after the [**REDACTED**] will include a summary of the work of the Corporate Governance Committee for the relevant period.

Role of our Independent Non-Executive Directors

Pursuant to Rule 8A.26 of the Listing Rules, the role of the independent non-executive directors of a listed company with WVR structure must include, but is not limited to, the functions described in code provisions A.6.2, A.6.7 and A.6.8 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The functions of our independent non-executive Directors include:

(a) participating in board meetings to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

(b) taking the lead where potential conflicts of interests arise;

(c) serving on the audit, remuneration, nomination and corporate governance committees, if invited;

(d) scrutinizing our Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting;

(e) giving the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation;

(f) making a positive contribution to the development of our Company's strategy and policies through independent, constructive and informed comments; and

(g) attending general meetings and developing a balanced understanding of the views of our Shareholders.

DIVERSITY

We are committed to promoting the culture of diversity in our Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We have adopted 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 Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of finance, banking, information technology and investment. They obtained degrees in various areas including business administration, economics, finance, banking, engineering, economics information management, information and computer technology and industrial foreign trade. Our board diversity policy is well implemented as evidenced by the fact that there are both female and male Directors ranging from 34 years old to 64 years old with experience from different industries and sectors.

We are also committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) of our Company to enhance the effectiveness of corporate governance of our Company as a whole.

Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant codes governing board diversity under the Corporate Governance Code. After the [**REDACTED**], our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

CORPORATE GOVERNANCE CODE

In view of Mr. Song's experience, personal profile and his roles in our Group as mentioned above and that Mr. Song has assumed the role of Chief Executive Officer of our Company since our incorporation, our Board considers it beneficial to the business prospect and operational efficiency of our Group that upon [**REDACTED**], Mr. Song acts as the Chairman of our Board and continues to act as the Chief Executive Officer of our Company. While this will constitute a deviation from Code Provision A.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, our Board believes that this structure will not impair the balance of power and authority between our Board and the management of our Company, given that: (i) decisions to be made by our Board require approval by at least a majority of our Directors, and we believe that there are sufficient checks and balances in our Board; (ii) Mr. Song and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of our Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both our Board and senior management levels. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of Chairman of the Board and Chief Executive Officer is necessary. Our Directors strive to achieve a high standard of corporate governance (which is of critical importance to our development) to protect the interest of shareholders.

Save as disclosed above, our Directors consider that upon [**REDACTED**], we will comply with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as our compliance advisor pursuant to Rule 8A.33 of the Listing Rules. Our compliance advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rules 3A.23 and 8A.34 of the Listing Rules, our compliance advisor will advise our Company in certain circumstances including:

(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 the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document;

(d) where the Stock Exchange makes an inquiry to our Company under Rule 13.10 of the Listing Rule;

(e) the WVR structure;

(f) transactions in which our WVR Beneficiary has an interest; and

(g) where there is a potential conflict of interest between the issuer, a subsidiary of the issuer and/or shareholders of the issuer (considered as a group) on one hand and any beneficiary of weighted voting rights in the issuer on the other.

The term of appointment of our compliance advisor shall commence on the [**REDACTED**]. Pursuant to Rule 8A.33 of the Listing Rules, our Company is required to engage a compliance advisor on a permanent basis.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the finance and/or financial technology industries. However, as these non-executive Directors are neither our controlling shareholders nor members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] assuming that the [**REDACTED**] is not exercised, the following parties will have interests and/or short positions in our Shares or our 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 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 or any other member of our Group:

Substantial shareholder	Capacity/ Nature of interest	Number of Shares[(1)]	Approximate percentage of shareholding of each class of shares in our Company immediately following the completion of the [REDACTED][(1)]
Class A Shares			
Cabnetvic Company Limited[(2)]	Beneficial interest	[**REDACTED**]	[**REDACTED**]%
Cabnetwa Company Limited[(2)]	Beneficial interest	[**REDACTED**]	[**REDACTED**]%
Cabnetsa Company Limited[(2)]	Beneficial interest	[**REDACTED**]	[**REDACTED**]%
Mr. Song[(2)]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]%
Class B Shares			
Tencent Mobility Limited[(3)]	Beneficial interest	[**REDACTED**]	[**REDACTED**]%
Tencent Holdings Limited[(3)]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]%
CCRE Investment Holdings Ltd[(4)]	Beneficial interest	[**REDACTED**]	[**REDACTED**]%
CITIC Capital MB Investment Limited[(4)]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]%
CITIC Capital Holdings Limited[(4)]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]%
Carltonvic Company Limited[(5)]	Beneficial interest	[**REDACTED**]	[**REDACTED**]%
Trident Trust Company (HK) Limited[(5)]	Trustee of a trust	[**REDACTED**]	[**REDACTED**]%
OWAP Investment Pte Ltd[(6)]	Beneficial interest	[**REDACTED**]	[**REDACTED**]%
GIC (Ventures) Private Limited[(6)]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]%
GIC Special Investments Private Limited[(6)]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]%
GIC Private Limited[(6)]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]%
Tan Linklogis Limited[(7)]	Beneficial interest	[**REDACTED**]	[**REDACTED**]%
Shanghai Rongmian Information Technology Partnership (Limited Partnership) (上海融勉信息技術合夥企業(有限合夥))[(7)]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]%

Substantial shareholder	Capacity/ Nature of interest	Number of Shares[(1)]	Approximate percentage of shareholding of each class of shares in our Company immediately following the completion of the [REDACTED][(1)]
Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥))[(7)]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]%
Shanghai Loyal Valley Investment Management Co., Ltd. (上海正心谷投資管理有限公司)[(7)]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]%
Mr. Lin Lijun (林利軍)[(7)(8)]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]%

Notes:

(1) Based on the assumption that each ordinary share other than ordinary shares held by Cabnetvic, Cabnetwa and Cabnetsa and each Preferred Share will be converted into one Class B Share upon the [**REDACTED**] becoming unconditional.

(2) Mr. Song is deemed to be interested in the total number Shares held by each of Cabnetvic, Cabnetwa and Cabnetsa. Upon completion of the [**REDACTED**], Cabnetvic, Cabnetwa and Cabnetsa will beneficially hold [**REDACTED**] Class A Shares, [**REDACTED**] Class A Shares and [**REDACTED**] Class A Shares, respectively, and are wholly-owned by Mr. Song.

(3) Tencent Mobility Limited ("**Tencent Mobility**") is a direct wholly-owned subsidiary of Tencent. In addition, Double Combo Holding Limited ("**Double Combo**") will hold [**REDACTED**] Class B Shares immediately after completion of the [**REDACTED**]. Double Combo is an exempt limited liability company, which is ultimately controlled by Tencent. Accordingly, Tencent is deemed to be interested in the total number of Shares held by Tencent Mobility and Double Combo.

(4) CCRE Investment Holdings Ltd. ("**CCRE Investment**") is wholly-owned by CITIC Capital MB Investment Limited, which is in turn wholly-owned by CITIC Capital. Accordingly, each of CITIC Capital MB Investment Limited and CITIC Capital is deemed to be interested in the total number of Shares held by CCRE Investment Holdings Ltd. In addition, LLS Holding Limited ("**LLS Holding**") will hold [**REDACTED**] Class B Shares immediately after completion of the [**REDACTED**]. LLS Holding, an exempted company with limited liability incorporated in Cayman Islands, is ultimately controlled by CITIC Capital. Accordingly, CITIC Capital is deemed to be interested in the total number of Shares held by LLS Holding.

(5) Carltonvic Company Limited ("**Equity Incentive Holdco**") is a business company incorporated in BVI and a special purpose vehicle wholly-owned by Trident Trust Company (HK) Limited, the trustee of LLS Trust, established for the purpose of holding Shares pursuant to the Equity Incentive Plan. Accordingly, Trident Trust Company (HK) Limited is deemed to be interested in the total number of Shares held by Equity Incentive Holdco.

(6) OWAP Investment Pte Ltd ("**GIC SPV**") is a limited liability company incorporated under the laws of Singapore. GIC SPV is wholly-owned by GIC (Ventures) Pte. Ltd, and managed by GIC Special Investments Pte Ltd, which is in turn wholly-owned by GIC Private Limited (GIC). Accordingly, each of GIC (Ventures) Private Limited, GIC Special Investments Private Limited and GIC Private Limited is deemed to be interested in the total number of Shares held by GIC SPV.

(7) Immediately after completion of the [**REDACTED**], Tan Linklogis Limited ("**LVC Tan**"), Le Linklogis Limited ("**LVC Le**") and Qian Linklogis Limited ("**LVC Qian**") will hold [**REDACTED**], [**REDACTED**] and [**REDACTED**] Class B Shares, respectively. Each of LVC Tan, LVC Le and LVC Qian is wholly-owned by Shanghai Rongmian Information Technology Partnership (Limited Partnership) (上海融勉信息技術合夥企業(有限合夥) ("**Shanghai Rongmian**"), a limited partnership established in the PRC whose general partner is Shanghai Loyal Valley Investment Management Co., Ltd. (上海正心谷投資管理有限公司) ("**Shanghai LVC**"). In addition, Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥)) ("**LVC Tanying**") is a limited partner of Shanghai Rongmian, which holds 71.46% of the interest of Shanghai Rongmian. Shanghai LVC is in turn wholly-owned by Mr. Lin. Accordingly, each of Shanghai Rongmian, Shanghai LVC, LVC Tanying and Mr. Lin Lijun (林利軍) ("**Mr. Lin**") is deemed to be interested in the total number of Shares held by LVC Tan, LVC Le and LVC Qian.

(8) Immediately after completion of the [**REDACTED**], Loyal Valley Capital Advantage Fund LP ("**LVC LP**") will hold [**REDACTED**] Class B Shares. LVC LP is a limited partnership established in the Cayman Islands and ultimately controlled by Mr. Lin. Accordingly, Mr. Lin is deemed to be interested in the total number of Shares held by LVC LP.

Other than as disclosed herein, our Group are not aware of any person who will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), have any interest and/or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company immediately prior to and immediately following the completion of the [**REDACTED**], assuming that (i) each ordinary share held by Cabnetvic, Cabnetwa and Cabnetsa is converted into 1 Class A Share; (ii) each ordinary share held by shareholders other than those listed in above and each Preferred Share is converted into 1 Class B Share; (iii) the [**REDACTED**] becomes unconditional and the [**REDACTED**] are issued pursuant to the [**REDACTED**], (iv) the [**REDACTED**] is not exercised, (v) no Shares are issued or cancelled and no other potential changes to the share capital materialize as described in "— Alterations of Capital" below, and (vi) no Class A Shares are converted into Class B Shares.

1. Share capital as at the date of this document

(i) Authorized share capital

Number	Description of Shares	Approximate aggregate nominal value of shares
[400,776,134]	ordinary shares	US$[40,077.6134]
[99,223,866]	Preferred Shares	US$[9,922.3866]
[500,000,000]	**Total authorized share capital**	**US$[50,000]**

(ii) Issued, fully paid or credited to be fully paid

Number	Description of Shares	Approximate aggregate nominal value of shares
[51,735,713]	ordinary shares in issue	US$[5,173.5713]
[99,223,866]	Preferred Shares in issue	US$[9,922.3866]
[150,959,579]	**Shares in total**	**US$[15,095.9579]**

2. Share capital immediately following the completion of the [REDACTED]

(i) Authorized share capital

Number	Description of Shares	Approximate aggregate nominal value of shares
[**REDACTED**]	Class A Shares	US$[**REDACTED**]
[**REDACTED**]	Class B Shares	US$[**REDACTED**]
[**REDACTED**]	**Shares in total**	**US$[REDACTED]**

(ii) Issued fully paid or credited to be fully paid

Number	Description of Shares	Approximate aggregate nominal value of shares
[**REDACTED**]	Class A Shares in issue	US$[**REDACTED**]
[**REDACTED**]	Class B Shares in issue	US$[**REDACTED**]
[**REDACTED**]	Class B Shares to be issued pursuant to the [**REDACTED**]	US$[**REDACTED**]
[**REDACTED**]	**Shares in total**	**US$[REDACTED]**

The tables above do not take into account any Shares that may be issued or repurchased by our Company under the general mandates granted to our Directors referred to below.

WEIGHTED VOTING RIGHTS STRUCTURE

Our Company has adopted a WVR structure. Under this structure our Company's share capital comprises Class A Shares and Class B Shares. Each Class A Share entitles the holder to exercise ten votes, and each Class B Share entitles the holder to exercise one vote, respectively, on any resolution tabled at our Company's general meetings, except for resolutions with respect to a limited number of Reserved Matters, in relation to which each Share is entitled to one vote.

The Reserved Matters are:

(i) any amendment to the Memorandum or the Articles, however framed, including the variation of the rights attached to any class of shares;

(ii) the appointment, election or removal of any independent non-executive Director;

(iii) the appointment or removal of our Company's auditors; and

(iv) the voluntary winding-up of our Company.

In addition, Shareholders, including holders of Class B Shares, holding not less than one-tenth of the paid up capital of our Company that carries the right of voting at general meetings are entitled to requisition an extraordinary general meeting of our Company and add resolutions to the meeting agenda.

For further details, see the summary of the Articles of Association in Appendix III to this document.

The table below sets out the ownership and voting rights to be held by the WVR Beneficiary upon the completion of the [**REDACTED**]:

	Number of Shares	Approximate percentage of issued share capital[(1)]	Approximate percentage of voting rights[(1)(2)]
Class A and Class B Shares held by the WVR Beneficiary	[**REDACTED**] Class A Shares	[**REDACTED**]%	[**REDACTED**]%
	[**REDACTED**] Class B Shares	[**REDACTED**]%	[**REDACTED**]%
Total		**[REDACTED]%**	**[REDACTED]%**

Notes:

(1) The table above assumes the [**REDACTED**] is not exercised.

(2) On the basis that Class A Shares entitle their holders to ten votes per share and Class B Shares entitle their holders to one vote per share.

The weighted voting rights attached to our Class A Shares will cease when the WVR Beneficiary has no beneficial ownership of any of our Class A Shares, in accordance with Rule 8A.22 of the Listing Rules. This may occur:

(i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rules, in particular where the WVR Beneficiary is: (1) deceased; (2) no longer a member of our Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;

(ii) when the holders of Class A Shares have transferred to other person(s) the beneficial ownership of, or economic interest in, all of the Class A Shares or the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rules;

(iii) where the vehicles holding Class A Shares on behalf of the WVR Beneficiary no longer comply with Rule 8A.18(2) of the Listing Rules; or

(iv) when all of the Class A Shares have been converted to Class B Shares.

Save for the weighted voting rights attached to Class A Shares, the rights attached to all classes of Shares are identical. For further information about the rights, preferences, privileges and restrictions of the Class A Shares and Class B Shares, please see the section headed "Summary of the Constitution of our Company and the Company Laws of the Cayman Islands — 2. Articles of Association" in Appendix III to this document for further details.

WVR Beneficiary

Immediately upon the completion of [**REDACTED**], the WVR Beneficiary will be Mr. Song. Mr. Song will beneficially own [**REDACTED**] Class A Shares and [**REDACTED**] Class B Shares, representing approximately [**REDACTED**]% of the voting rights in our Company (assuming the [**REDACTED**] is not exercised) with respect to shareholder resolutions relating to matters other than the Reserved Matters. Mr. Song will hold these Class A Shares through Cabnetvic, Cabnetwa and Cabnetsa, and will hold these Class B Shares through Cabnetnt, all of which are companies directly wholly-owned by Mr. Song.

Our Company is adopting the WVR structure to enable the WVR Beneficiary to exercise voting control over our Company. This will enable our Company to benefit from the continuing vision and leadership of the WVR Beneficiary who will control our Company with a view to its long-term prospects and strategy.

Prospective investors are advised to be aware of the potential risks of investing in companies with WVR structure, in particular that interests of the WVR Beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiary will be in a position to exert significant influence over the affairs of our Company and the outcome of shareholders' resolutions, irrespective of how other Shareholders vote. Prospective investors should make the decision to invest in our Company only after due and careful consideration. For further information about the risks associated with the WVR structure adopted by our Company, please refer to the sub-section headed "Risk Factors — Risks Relating to the WVR Structure — Holders of our Class A Shares may exert substantial influence over us and may not act in the best interests of our other Shareholders" of this document.

Save for the weighted voting rights attached to Class A Shares, the rights attached to Class A Shares and Class B Shares are identical. For further information about the rights, preferences, privileges and restrictions of the Class A Shares and Class B Shares, please see the section headed "Summary of the Constitution of our Company and the Company Laws of the Cayman Islands — 2. Articles of Association" in Appendix III to this document.

Undertakings by the WVR Beneficiary

Pursuant to Rule 8A.43 of the Listing Rules, the WVR Beneficiary is required to give a legally enforceable undertaking to our Company that he will comply with the relevant requirements as set out in Rule 8A.43, which is intended to be for the benefit of and enforceable by the Shareholders. On [●], 2021, Mr. Song made an undertaking to our Company (the "**Undertaking**"), that for so long as he is a WVR Beneficiary:

(1) he shall comply with (and, if the shares to which the weighted voting rights that he is beneficially interested in are attached are held through a limited partnership, trust, private company or other vehicle, use his best endeavors to procure that that limited partnership, trust, private company or other vehicle complies with) all applicable requirements under Rules 8A.09, 8A.14, 8A.15, 8A.17, 8A.18, and 8A.24 of the Listing Rules from time to time in force (the "**Requirements**"); and

(2) he shall use his best endeavors to procure that our Company complies with all applicable Requirements.

For the avoidance of doubt, the Requirements are subject to Rule 2.04 of the Listing Rules. The WVR Beneficiary acknowledged and agreed that the Shareholders rely on the Undertaking in acquiring and holding their Shares. The WVR Beneficiary acknowledged and agreed that the Undertaking is intended to confer a benefit on our Company and all Shareholders and may be enforced by our Company and/or any Shareholder against the WVR Beneficiary.

The Undertaking shall automatically terminate upon the earlier of (i) the date of delisting of our Company from the Stock Exchange; and (ii) the date on which the relevant WVR Beneficiary ceases to be a beneficiary of weighted voting rights in our Company. For the avoidance of doubt, the termination of the Undertaking shall not affect any rights, remedies, obligations or liabilities of our Company and/or any Shareholder and/or the relevant WVR Beneficiary himself that have accrued up to the date of termination, including the right to claim damages and/or apply for any injunction in respect of any breach of the Undertaking which existed at or before the date of termination.

The Undertaking shall be governed by the laws of Hong Kong and all matters, claims or disputes arising out of the Undertaking shall be subject to the exclusive jurisdiction of the courts of Hong Kong.

RANKING

The [**REDACTED**] will rank *pari passu* in all respects with all Class B Shares currently in issue or to be issued as mentioned in this document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this document.

ALTERATIONS OF CAPITAL

Pursuant to the Cayman Companies Act and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary resolution of Shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which have not been taken. In addition, our Company may, subject to the provisions of the Cayman Companies Act, by special resolution of Shareholders (i) change its name; (ii) alter or add to the Articles; (iii) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and (iv) reduce its share capital or capital redemption reserve fund. See the section headed "Summary of the Constitution of our Company and the Company Laws of the Cayman Islands – 2. Articles of Association – (d) Alteration of Capital" in Appendix III to this document for further details.

EQUITY INCENTIVE PLAN

Our Company has adopted an Equity Incentive Plan. See the section headed "Statutory and General Information — D. Equity Incentive Plan" in Appendix IV to this document for further details.

GENERAL MANDATE TO ISSUE SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Class B Shares with a total nominal value of not more than the sum of:

1. 20% of the aggregate nominal value of the Shares in issue immediately following completion of the [**REDACTED**] (excluding any Class B Shares to be issued pursuant to the exercise of the [**REDACTED**]); and

2. the aggregate nominal value of Shares repurchased by our Company under the authority referred to in the sub-section headed "General Mandate to Repurchase Shares" in this section.

This general mandate to issue Class B Shares will expire at the earliest of:

1. the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

2. the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

3. the date on which it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

See the section headed "Statutory and General Information — Further Information about our Company and our Subsidiaries — 4. Resolutions of the Shareholders of our Company dated [●], 2021" in Appendix IV to this document for further details of this general mandate.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with nominal value of up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the [**REDACTED**] (excluding any Class B Shares to be issued pursuant to the exercise of the [**REDACTED**]).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — Further Information about our Company and our Subsidiaries — 5. Repurchase of our own securities" in Appendix IV to this document.

This general mandate to repurchase Shares will expire at the earliest of:

1. the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

2. the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

3. the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed "Statutory and General Information — Further Information about our Company and our Subsidiaries — 5. Repurchase of our own securities" in Appendix IV to this document for further details of the repurchase mandate.

You should read the following discussion and analysis with our consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2018 and 2019 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading technology solution provider for supply chain finance in China. Our cloud-native solutions optimize the payment cycle of supply chain transactions and digitalize the entire workflow of supply chain finance. We empower our anchor enterprise and financial institution customers with efficient and reliable supply chain finance technology solutions, and enhance transparency and connectivity in the supply chain finance ecosystem. We ranked No.1 among technology solution providers in China with RMB122.3 billion in supply chain finance transactions processed in the nine months ended September 30, 2020, accounting for a 20.5% market share, according to CIC.

We began our journey in 2016 and have since pioneered the industry in providing enterprise-grade, cloud-based and digitalized supply chain finance solutions. Our first-mover advantage, specialization in this sector, and dedicated focus on innovation have built us a competitive moat and provided a solid foundation for our continued success.

We provide digitalized and specialized solutions to optimize mission-critical workflows for supply chain finance and payment. Our technology solutions enable anchor enterprises and financial institutions to effectively authenticate supply chain transactions, cooperate with other participants in the supply chain finance ecosystem, manage operational risks and achieve integrated supply chain management. We also re-define transaction and payment flows along the supply chain by leveraging blockchain technologies to create immutable and traceable digital representation of suppliers' accounts receivable due from anchor enterprises. Our SaaS model offers a low cost of ownership for our customers as it saves them heavy upfront costs and considerable investment in building their own infrastructures and technology stacks from scratch. Our cloud-based solutions can be easily accessed through a plug-and-play model, and we also provide our customers with bespoke solutions that can be integrated with their internal systems and offered through a white label approach.

We achieved strong revenue growth during the Track Record Period. Our revenue and income from principal activities increased by 52.1% from RMB531.1 million for the nine months ended September 30, 2019 to RMB807.7 million for the nine months ended September 30, 2020, and increased by 82.8% from RMB382.7 million in 2018 to RMB699.6 million in 2019. We recorded loss of RMB1,410.3 million, RMB1,082.0 million, RMB369.5 million and RMB432.0 million, respectively, in 2018 and 2019 and for the nine months ended September 30, 2019 and 2020. During the same period, we recorded adjusted profit/(loss) of RMB(14.1) million, RMB36.5 million, RMB36.6 million and RMB129.6 million, respectively. For a reconciliation from profit/(loss) for the year/period to adjusted profit/(loss) for the year/period, see "– Non-IFRS Measures" of this document.

BASIS OF PRESENTATION

The Historical Financial Information of our Group has been prepared in accordance with IFRSs issued by International Accounting Standards Board. The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying our Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in Note 3 to the Accountants' Report included in Appendix I to this document.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

General Factors

Our business and results of operations are affected by a number of general factors affecting China's supply chain finance technology solution industry, including:

- Overall economic growth in China and other countries and regions in which we operate and the development of anchor enterprises, financial institutions and SMEs;

- Acceptance of supply chain finance as an attractive alternative payment option for anchor enterprises and as an effective access to quality supply chain assets for financial institutions;

- Digital transformation of anchor enterprises and financial institutions and growth in their spending on supply chain finance technology solutions;

- Development of advanced technologies, such as AI, Blockchain, big data and cloud, and the emergence of new ones, and their application in the supply chain finance and payment processes; and

- Government regulations, policies and initiatives affecting supply chain finance industry in China and other countries and regions in which we operate, including favorable government policies intended to promote the development of supply chain finance technology industry in these jurisdictions.

Company-Specific Factors

The ability to attract new customers and partners, as well as retain and deepen relationships with existing ones

Our growth depends significantly on our ability to attract new customers and partners and retain and expand relationship with existing ones. For the nine months ended September 30, 2020, we had 98 anchor enterprise customers and 79 financial institution customers of our Supply Chain Finance Technology Solutions, respectively, as compared to 45 anchor enterprise customers and 45 financial institution customers, respectively, for the same period of 2019. We primarily target China's largest and most established anchor enterprises and financial institutions, and we believe there are extensive opportunities for us to continue to expand our customer base to include more high-profile companies. Currently, most of our anchor enterprise customers have a credit rating of AA+ or above, and they only represent a small proportion of our total target customers. According to CIC, as of December 31, 2019, there were in total 4,511 large enterprises in China with a credit rating of AA or above. We have a proven ability to engage with existing customers and partners and expand their usage of our solutions to enable more transactions, which is critical to our long-term business and revenue growth. In 2018 and 2019 and for the nine months ended September 30, 2020, we achieved a customer retention rate for Supply Chain Finance Technology Solutions of 100%, 91% and 99% respectively. In 2019 and for the nine months ended September 30, 2020, we achieved a net expansion rate of 125% and 116%, respectively, of the customers of our Supply Chain Finance Technology Solutions. For a discussion of how the annual customer retention rate and net expansion rate of our customers are calculated, see "Glossary of Technical Terms and Conventions" of this document.

The ability to increase volume of transactions enabled by our solutions

We operate a transaction-based revenue model and generate a substantial majority of our revenues based on the volume of transactions enabled by our solutions. As a result, our business and revenue grow as the number of our customer increases and as our customers expand their use of our solutions to enable more transactions. We believe that the rapid growth of supply chain finance industry and the acceleration of the digital transformation of the industry in China will present extensive opportunity for us to enable more transactions. This, in turn, will have a long-term positive impact on our financial performance. In 2018 and 2019 and for the nine months ended September 30, 2020, the total volume of transactions enabled by our solutions was RMB30,245.7 million, RMB88,529.8 million and RMB127,129.5 million, respectively. Our ability to grow the volume of transactions enabled by our solutions is driven by a combination of other different factors, including our ability to innovate and expand our solution offerings; deepen collaboration with customers and partners; invest in cutting-edge and innovative technologies; and enhance our brand reputation. We believe that our continuous investment and progress in these areas will drive the volume of transactions enabled by our solutions in the long run.

The ability to continue to deliver compelling value for the supply chain finance ecosystem

We create tangible value for various stakeholders in the supply chain finance ecosystem, including anchor enterprises, financial institutions and SMEs. We enable anchor enterprises to optimize their supply chain management and improve payment terms and procurement efficiency. We also increase transparency and drive efficiency across the supply chain finance process for financial institutions and provide them with reliable access to high quality supply chain assets. Our solutions also benefit SMEs by allowing them to leverage anchor enterprises'

credit profile to obtain financing more easily and cost-effectively. We believe our ability to continue to deliver compelling value propositions to participants in the supply chain finance ecosystem drives our growth and results of operation.

Continuous investment in technology and product innovation

We have a proven record of empowering supply chain finance and payment through technology and product innovations. We believe this is a critical differentiating advantage for us and also a key factor that affects our revenues and financial results in the long term. Having invested heavily in innovation, we have successfully developed our core proprietary technologies in AI, blockchain and big data and a comprehensive suite of cloud-native solutions to optimize the entire supply chain finance workflows, which we believe has provided us with a formidable barriers against competition and reinforces our value propositions to customers and partners. We have made, and will continue to make, significant investment in research and development to increase our innovation capabilities, attract more technology talent, and launch new, innovative products catering to the evolving needs in the supply chain finance industry. We believe our ability to grow our business significantly depends on our ability to continue to enhance technology capabilities and offer better and more powerful technology-enabled solutions for customers and partners.

The ability to improve operational efficiency

Our results of operations are affected by our ability to improve operational efficiency. We intend to optimize our costs of principal activities and operating expenses by achieving increasing economies of scale and cost-efficiency as our business continues to grow. With respect to sales and marketing expenses, we expect to continue to benefit increasingly from the network effect of our extensive and interconnected customer base, as well as the strong word-of-mouth referrals that it generates. We also intend to optimize our administrative expenses by enhancing our level of centralized management, streamlining our internal workflows, and leveraging technology to drive convenience, cost-efficiency, and productivity.

The ability to expand internationally

The global economy is becoming increasingly digitalized, which creates substantial demand for supply chain finance technology solutions globally. As a leading technology solution provider for supply chain finance in China, we believe we are uniquely positioned to expand our presence internationally and extend the benefit of our technology solutions to more overseas markets. We intend to replicate the extensive experience, know-how and domain knowledge we have accumulated from our operations in the PRC to overseas markets and leverage our innovative technology capabilities and strong relationships with international financial institutions and supply chain partners. We will also continue to invest substantially in enhancing our solution offerings to meet diverse needs of customers across multiple markets and geographies. We believe our ability to deliver our international strategy will have a long-term positive impact on our results of operations and business prospects.

IMPACT OF COVID-19

Since the end of December 2019, the outbreak of a novel strain of coronavirus, or COVID-19, has materially and adversely affected the Chinese and global economy.

In response to COVID-19, the PRC government has imposed mandatory quarantine, closure of workplaces and facilities, travel restriction and other related measures. These measures have caused a decline in the business activities in the supply chain finance ecosystem, including anchor enterprises, financial institutions and SMEs across a wide range of sectors, which in turn has had a negative impact on the entire supply chain finance technology solutions industry.

COVID-19 has caused temporary disruptions to our business operations to varying degrees:

- The travel restriction in the first half of 2020 have temporarily prevented us from engaging with customers and partners through in-person meetings, especially with customers of our Supply Chain Finance Technology Solutions, many of whom are large, established anchor enterprises and financial institutions who tend to implement more stringent COVID-19-related measures than other businesses. The pandemic has caused temporary disruption to Supply Chain Finance Technology Solutions to the extent that necessary on-site meetings and technical support had to be delayed or canceled.

- With respect to our Emerging Solutions, we have experienced a temporary decrease in the demand for our SME Credit Tech Solutions, primarily due to closures and reduced business activities of SMEs. Additionally, in the first quarter of 2020, we began to strategically reduce the volume of self-funded financing transactions enabled by our SME Credit Tech Solutions, given the negative impact of COVID-19 on the SMEs' ability to perform their obligations under such financing transactions. Our Cross-border Cloud has also been negatively impacted by COVID-19, mainly due to a significant slow-down in international trade and reduced activities of companies engaging in cross-border transactions, as the pandemic continued to spread globally. For more information about our self-funded financing transaction, see "Business – Our Solutions – Emerging Solutions" of this document.

- The opening of our R&D center in Wuhan, Hubei Province originally scheduled in February 2020 had to be postponed to September 2020 due to COVID-19 concerns. See "Business – Research and Development" of this document for more information about our R&D center in Wuhan.

Despite the temporary disruption caused by COVID-19, we are able to sustain our strong growth momentum and delivered robust revenue growth in the nine months ended September 30, 2020. Our revenue and income from principal activities increased by 52.1% from RMB531.1 million for the nine months ended September 30, 2019 to RMB807.7 million for the nine months ended September 30, 2020.

We believe that the value of our cloud-based technology solutions, and the convenience, efficiency and reliability they deliver, are heightened throughout the pandemic. We operate a SaaS model, which not only reduces the burden of on premise implementation, but also provides customers and partners with the flexibility needed to tackle unexpected disruptions and challenges caused by the pandemic. Businesses and financial institutions are increasingly using our solutions and technologies to replace many manual, paper-driven tasks due to COVID-19 related restrictions. We expect this trend to continue post-pandemic, driving digitalization of supply chain finance and the demand for quality technology solutions in the long run.

Throughout the pandemic, we have been proactively mobilizing internal resources and leveraging our strong technological capabilities to mitigate the impact of COVID-19. We also supported our customers and partners and helped them tackle the challenges presented by the pandemic by providing reliable, quality solutions and services. For example, during the city-wide lockdown of Wuhan in February 2020, we worked with a Wuhan-based anchor

enterprise to secure supply chain financing for its suppliers using our digital solutions, all remotely without any physical processes involved, which demonstrates the key role our cloud-based approach has played in our response to the pandemic.

There remains significant uncertainties associated with COVID-19, including with respect to the ultimate spread of the virus, the severity and duration of the pandemic and further actions that may be taken by governmental authorities around the world to contain the virus, and the full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations, cash flows and financial condition will depend on future developments that are highly uncertain and cannot be accurately predicted. See "Risk Factors — Risks Related to Our Business and Industry — The COVID-19 pandemic presents challenges to our business and the effects of the pandemic could adversely affect our business, financial condition and results of operations" of this document.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Other significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in further details in Notes 2 and 3 to the Accountants' Report included in Appendix I to this document.

For the purpose of preparing and presenting the Historical Financial Information, we have applied all applicable International Accounting Standards ("**IASs**"), IFRSs, Interpretations issued by the International Accounting Standards Board (the "**IASB**") and all applicable new and revised IFRSs including IFRS 9 "Financial Instruments" and IFRS 16 "Lease" which are effective for the accounting period beginning on January 1, 2018 and 2019, respectively, consistently throughout the Track Record Period.

Revenue Recognition

We recognize revenue when we satisfy a performance obligation by transferring a promised service to a customer. Control of the service refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the service. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time. Control of the services is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as we perform; or
- does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the services transfers 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 customer obtains control of the services. The progress towards completion satisfaction of the performance obligation is measured based on one of the following methods that best depict our performance in satisfying the performance obligation:

- direct measurements of the value transferred by us to the customer; or
- our efforts or inputs to the satisfaction of the performance obligation.

If a contract involves multiple performance obligation, the transaction price will be allocated to each performance obligation based on its relative standalone selling price. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

A receivable is recorded when we have an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Contract assets and contract liabilities

We present contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and customer's payment in the statement of financial position. We offset the contract assets and contract liabilities under the same contract and present the net amount.

A contract asset is the right to consideration in exchange for services that we have transferred to a customer when that right is conditioned on something other than the passage of time.

A contract liability is our obligation to transfer services to a customer for which the entity has received consideration (or the amount is due) from the customer, such as prepayment from a customer before we transfer services for its performance obligation.

Principal versus agent considerations

We determine whether we are a principal or an agent for each specified service promised to the customer based on whether we control the specified service before that service is transferred to a customer. We are a principal if we control the specified service before that service is transferred to a customer, we recognize revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified service transferred; or we are an agent and recognize revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified services to be provided by the other party.

Variable consideration

The amount of consideration agreed in the contract between us and the customers may vary due to rebates, incentives and other factors. We determine the best estimate of variable consideration using the expected value or the most likely amount. However, the transaction price including variable consideration does not exceed the amount only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Contract modifications

When a modification incurred in the service contract between us and the customer:

(1) We account for a contract modification as a separate contract if the addition of services and the price are distinct and the increased price of the contract reflects the standalone selling prices of the additional service;

(2) We account for the contract modification as if it was a termination of the existing contract and by combining the unsatisfied and modified portion of the contract as a new contract, if the contract modification does not meet (1) described above and the remaining services are distinct from the services transferred on or before the date of the contract modification;

(3) We account for the contract modification as if it was a part of the existing contract. The effect on recognized revenue is recognized as an adjustment to revenue at the date of the contract modification if the contract modification does not meet (1) described above and the remaining services are not distinct from the services transferred at the date of the contract modification.

The accounting policy for our principal revenue and income sources is set out below:

(a) Revenue and income from Supply Chain Finance Technology Solutions

Our Supply Chain Finance Technology Solutions consist of Anchor Cloud and FI Could. Through Anchor Cloud, we enable anchor enterprises to achieve digital transformation for supply chain management and optimize payment cycle for parties along the supply chain. Through FI Cloud, we help financial institutions digitalize, automate and streamline their supply chain financing service. Transaction prices are agreed in the contracts. Revenue and income for transactions enabled by the Supply Chain Finance Technology Solutions are usually charged based on the amount of such transactions enabled and contractually agreed rates expressed as a percentage of the volume of the supply chain assets processed.

If control of the services transfers 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 customer obtains control of the services.

In connection with the securitization transactions enabled by our ABS Cloud. These supply chain assets are measured according to accounting policies for financial instruments, as disclosed in Note 2(h) to the Accountants' Report included in Appendix I to this document, and relevant profit or loss are presented in revenue and income from principal activities.

(b) Revenue and income from Emerging Solutions

Our Emerging Solutions consist of Cross-border Cloud and SME Credit Tech Solutions. Through Cross-border Cloud, we provide a suite of intelligent solutions that help anchor enterprises and financial institutions facilitate supply chain payment and financing for corporates engaged in cross-border trade activities. SME Credit Tech Solutions are comprised of a suite of data-driven risk analytics solutions that help financial institutions provide financing for anchor enterprises' SME suppliers and distributors. In these circumstances where the financing transactions are funded by financial institutions, we generate revenues by charging service fees pursuant to agreements between us and the financial institutions where the fees are usually expressed as a percentage of the volume of supply chain assets processed (in the case of Cross-border Cloud) or as a percentage of the amount of financing extended by the financing institutions (in the case of SME Credit Tech Solutions). If control of the services transfers 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 customer obtains control of the services. We also use our own capital to fund certain of the financing transactions enabled by Emerging Solutions, in which case we generate revenues from the interest income earned on these transactions.

Financial Assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("**FVOCI**"), or fair value through profit or loss ("**FVTPL**").

Financial assets are not reclassified subsequent to their initial recognition unless we change our business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, we may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, we may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transfer of Financial Assets

In our normal course of business, we transfer our financial assets through various types of transactions including transfers, securitization and regular way sales. We apply significant judgment in assessing whether we have transferred these financial assets, which qualify for a full or partial derecognition.

We analyze the contractual rights and obligations in connection with such transfers to determine whether the derecognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualifies for the "pass through" of those cash flows to independent third parties.

- the extent to which the associated risks and rewards of ownership of the financial assets are transferred. Significant judgment is applied in our estimation with regard to the cash flows before and after the transfers and other factors that affect the outcomes of our assessment on the extent that risks and rewards are transferred.

When carrying out supply chain assets (mostly suppliers' accounts receivable due from the anchor enterprises) transfer transactions and our asset-backed securitization transactions, we need to make significant judgment on the extension of transfer of the risks and rewards of the ownership of the financial assets. The judgment will have impact on whether the relevant transaction meets the conditions of the transfer of the financial assets and their subsequent measurement.

Fair Value Measurement of Financial Instruments using Valuation Techniques

The fair value of financial investments that are not traded in an active market, such as unlisted equity investment measured at fair value, supply chain assets held for sales, asset-backed securities measured at fair value, and financial liabilities measured at fair value through profit or loss are determined using valuation techniques. The valuation techniques include discounted cash flow model, market comparable model, adjusted recent transaction price and so on.

When using valuation techniques to determine the fair value of financial instruments, we select inputs that are consistent with the characteristics of the assets or liabilities considered by market participants in the transactions of related assets or liabilities, uses the relevant observable inputs as much as possible, including market interest rate, stock price, among others, and use unobservable input value if the relevant observable inputs cannot be obtained or are not feasible, such as estimation of credit risk, market volatility, liquidity adjustments, the possibilities of [**REDACTED**] and other scenarios, among others. The use of different valuation techniques or inputs may result in significant differences in fair value estimate.

Impairment of Financial Instruments

We use the ECLs model to assess the impairment of financial instruments. We are required to perform significant judgment and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgments and estimates, we estimate the expected changes in the debtor's credit risk based on historical repayment data combined with macroeconomic indicators and other factors.

Share-based Compensation

The fair value of share options granted are measured on the respective grant dates based on the fair value of the underlying shares. We have used Binomial option-pricing model to determine the fair value of the share options as at the grant date. In addition, we are required to estimate the expected percentage of grantees that will remain in employment with us or, where applicable, if the performance conditions for vesting will be met at the end of the vesting period. We only recognize an expense for those share options expected to vest over the vesting period during which the grantees become unconditionally entitled to these share-based awards. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the share options and the amount of such share-based awards expected to become vested, which may in turn significantly impact the determination of the share-based compensation expenses.

Intangible Assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and we intend to and have sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. The estimated useful life for our intangible assets is five years.

DESCRIPTION OF KEY STATEMENT OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below sets forth our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated derived from the Accountants' Report included in Appendix I to this document:

	For the year ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
			(unaudited)	
	(RMB in thousands)			
Revenue and income from principal activities	**382,733**	**699,593**	**531,055**	**807,662**
Costs of principal activities	(189,207)	(336,621)	(247,157)	(333,345)
Gross profit	**193,526**	**362,972**	**283,898**	**474,317**
Research and development expenses	(41,293)	(59,876)	(46,119)	(79,174)
Sales and marketing expenses	(42,790)	(68,142)	(45,589)	(60,672)
Administrative expenses	(60,825)	(82,585)	(57,410)	(75,217)
Impairment loss	(3,457)	(27,055)	(13,746)	(33,307)
Other net income	9,518	14,600	8,711	24,722
Profit from operation	**54,679**	**139,914**	**129,745**	**250,669**
Finance costs	(75,176)	(108,297)	(96,597)	(120,466)
Share of profit/(loss) of associates	11	(5,358)	(1,582)	8,180
Fair value changes of financial liabilities measured at fair value through profit or loss	(1,396,180)	(1,108,072)	(399,595)	(534,560)
Loss before taxation	**(1,416,666)**	**(1,081,813)**	**(368,029)**	**(396,177)**
Income tax benefit/(expense)	6,361	(161)	(1,445)	(35,815)
Loss for the year/period	**(1,410,305)**	**(1,081,974)**	**(369,474)**	**(431,992)**

Revenue and Income from Principal Activities

The table below sets forth a breakdown of our revenue and income from principal activities by type of solutions, in absolute amounts and as percentages of total revenue and income from principal activities, for the years/periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
					(unaudited)			
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
Supply Chain Finance Technology Solutions								
Anchor Cloud	89,068	23.3	288,407	41.2	245,726	46.3	391,454	48.5
FI Cloud	276,879	72.3	313,292	44.8	226,891	42.7	335,502	41.5
Subtotal	**365,947**	**95.6**	**601,699**	**86.0**	**472,617**	**89.0**	**726,956**	**90.0**
Emerging Solutions								
Cross-border Cloud	–	–	2,153	0.3	228	0.0	15,399	1.9
SME Credit Tech Solutions	16,786	4.4	95,741	13.7	58,210	11.0	65,307	8.1
Subtotal	**16,786**	**4.4**	**97,894**	**14.0**	**58,438**	**11.0**	**80,706**	**10.0**
Total	**382,733**	**100.0**	**699,593**	**100.0**	**531,055**	**100.0**	**807,662**	**100.0**

- ***Supply Chain Finance Technology Solutions.*** We offer Supply Chain Finance Technology Solutions, a suite of cloud-native technology solutions to digitalize the process of supply chain payment and financing centered on anchor enterprises' credit profiles. Our Supply Chain Finance Technology Solutions consist of (i) Anchor Cloud, featuring a combination of cloud-native solutions designed to solutions designed to enable anchor enterprises to achieve digital transformation for supply chain management and optimize payment cycle for parties along the supply chain; and (ii) FI Cloud, featuring a broad range of innovative solutions designed to help financial institutions digitalize, automate and streamline their supply chain finance services. We generate revenue and income from our Supply Chain Finance Technology Solutions primarily from the service fees pursuant to the agreements between us and our customers. These service fees are usually expressed as a percentage of the volume of supply chain assets processed using Supply Chain Finance Technology Solutions. Additionally, in some circumstances, we also charge upfront implementation fees from our customers.

- ***Emerging Solutions.*** We offer Emerging Solutions, a range of innovative solutions to supplement and enrich our existing supply chain finance technology solutions. Our Emerging Solutions consist of (i) Cross-border Cloud, featuring a suite of intelligent solutions that help anchor enterprises and financial institutions facilitate supply chain payment and financing for corporates engaged in cross-border trade activities; and (ii) SME Credit Tech Solutions, featuring a suite of data-driven risk analytics solutions that help financial institutions provide financing for anchor enterprises' SME suppliers and distributors based on data in the supply chain ecosystem. We generate a portion of our revenue and income from our Emerging Solutions by charging service fees pursuant to the agreements between us and our customers. These service fees are usually expressed as a percentage of the volume of supply chain assets processed (in the case of Cross-border Cloud), or the amount of financing extended by the financing institutions (in the case of SME Credit Tech Solutions). As our Emerging Solutions are in their early stage of development, in order to amass sufficient data to train our algorithm and demonstrate their reliability and robustness to our customers, we have used our own capital to fund some of the financing transactions enabled by our Emerging Solutions, in which case we generate revenues from the interest income earned on these transactions.

See "Business — Our Solutions" of this document for more information about our solutions.

Costs of Principal Activities

Our costs of principal activities consist primarily of (i) the fees paid to third parties, such as underwriters, rating agencies, law firms, and accounting firms, for their services rendered in the transactions enabled by our solutions; (ii) fees paid to the funding sources for the funds used for certain financing transactions enabled by our Emerging Solutions; and (iii) fees paid to other service providers for their services, such as technology and technical support, that we use to directly support the transactions enabled by our solutions.

The table below sets forth a breakdown of our costs of principal activities by type of solutions, in absolute amounts and as percentages of total revenue and income from principal activities, for the years/periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
					(unaudited)			
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
Costs of principal activities								
Supply Chain Finance Technology Solutions	183,030	47.8	318,807	45.6	236,949	44.6	318,073	39.4
Emerging Solutions	6,177	1.6	17,814	2.5	10,208	1.9	15,272	1.9
Total	**189,207**	**49.4**	**336,621**	**48.1**	**247,157**	**46.5**	**333,345**	**41.3**

Gross Profit and Gross Profit Margin

The following table sets forth details of the gross profit and gross profit margin of our solutions for the years/periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
					(unaudited)			
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
Gross profit and gross profit margin								
Supply Chain Finance Technology Solutions	182,917	50.0	282,892	47.0	235,668	49.9	408,883	56.2
Emerging Solutions	10,609	63.2	80,080	81.8	48,230	82.5	65,434	81.1
Total	**193,526**	**50.6**	**362,972**	**51.9**	**283,898**	**53.5**	**474,317**	**58.7**

Research and Development Expenses

Our research and development expenses are incurred primarily to develop and enhance our solutions and technology. The main components of our research and development expenses include (i) salaries and other benefits associated with our research and development employees that are not capitalized; (ii) amortization of capitalized research and development expenses and information technology expenses; (iii) share-based compensation in relation to share incentives granted to research and development employees; (iv) rental and utilities expenses, representing the rental-related and utilities expenses allocated to research and development activities; and (v) other expenses in relation to research and development activities.

The following table sets forth the breakdown of our research and development expenses by nature, in absolute amount and as percentages of total revenue and income from principal activities, for the years/periods indicated.

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
					(unaudited)			
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
Research and Development Expenses								
Salaries and other benefits	25,441	6.6	31,326	4.5	24,294	4.6	42,733	5.3
Amortization of capitalized research and development expenses and information technology expenses	10,418	2.7	15,592	2.2	12,019	2.3	16,479	2.0
Share-based compensation	–	–	2,524	0.4	1,843	0.3	12,521	1.6
Rental and utilities expenses	4,818	1.3	8,996	1.3	6,656	1.3	6,195	0.8
Others	616	0.2	1,438	0.2	1,307	0.2	1,246	0.2
Total	**41,293**	**10.8**	**59,876**	**8.6**	**46,119**	**8.7**	**79,174**	**9.8**

The research and development expenses incurred in relation to self-developed platforms and software are capitalized as intangible assets when recognition criteria are fulfilled and amortized over a five-year period. We have applied our professional judgment in determining whether these development expenditures could be measured reliably, the process is technically and commercially feasible, future economic benefits are probable and we intend, and have sufficient resources, to complete development and to use or sell the asset. Any change in above judgment criteria or technology advancement will have an impact on the development expenditures capitalized. For more information about our accounting policy relating to capitalization of our research and development expenses, see Note 2 to the Accountants' Report included in Appendix I to this document.

Sales and Marketing Expenses

Our sales and marketing expenses consist primarily of (i) salaries and other benefits associated with our sales and marketing employees; (ii) promotion and advertising expenses, consisting primarily of the expenses associated with business development, marketing and promotion activities; (iii) rental and utilities expenses, representing rental-related and utilities expenses allocated to sales and marketing activities; (iv) share-based compensation in relation to share incentives granted to sales and marketing employees; (v) travelling expenses incurred by our sales and marketing employees; and (vi) other expenses, mainly including professional service fees relating to our sales and marketing activities and other expenses.

The following table sets forth a breakdown of our sales and marketing expenses by nature, in absolute amounts and as percentages of total revenue and income from principal activities, for the years/periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
					(unaudited)			
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
Sales and Marketing Expenses								
Salaries and other benefits	30,456	8.0	34,265	4.9	21,711	4.1	42,465	5.3
Promotion and advertising expenses	1,219	0.3	19,830	2.8	13,363	2.5	5,367	0.7
Rental and utilities expenses	2,412	0.6	3,263	0.5	2,589	0.5	2,790	0.3
Share-based compensation	–	–	2,177	0.3	1,589	0.3	2,597	0.3
Travelling expenses	3,014	0.8	3,995	0.6	2,921	0.6	1,847	0.2
Others	5,689	1.5	4,612	0.7	3,416	0.6	5,606	0.7
Total	**42,790**	**11.2**	**68,142**	**9.7**	**45,589**	**8.6**	**60,672**	**7.5**

Administrative Expenses

Our administrative expenses consist primarily of (i) salaries and other benefits associated with our general and administrative employees; (ii) share-based compensation in relation to share incentives granted to general and administrative employees; (iii) professional service expenses, representing the fees paid to third parties for their professional services; (iv) taxes and surcharges associated with our business operation; (v) rental and utilities expenses, representing the rental-related and utilities expenses allocated to our general and administrative activities; and (vi) other expenses, mainly including renovation and depreciation, travelling expenses associated with our administrative employees and other expenses.

The table below sets forth a breakdown of our administrative expenses by nature, in absolute amounts and as percentages of total revenue and income from principal activities, for the years/periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
					(unaudited)			
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
Administrative Expenses								
Salaries and other benefits	26,569	6.9	43,224	6.2	32,162	6.1	36,859	4.6
Share-based compensation	–	–	5,706	0.8	3,082	0.6	11,867	1.5
Professional service expenses	21,617	5.6	14,154	2.0	11,006	2.1	7,351	0.9
Taxes and surcharges	2,352	0.6	3,324	0.5	2,990	0.6	5,035	0.6
Rental and utilities expenses	1,819	0.5	4,126	0.6	3,310	0.6	2,748	0.3
Others	8,468	2.2	12,051	1.7	4,860	0.9	11,357	1.4
Total	**60,825**	**15.9**	**82,585**	**11.8**	**57,410**	**10.8**	**75,217**	**9.3**

Impairment Loss

Our impairment loss consist primarily of the impairment on (i) financial assets at amortized cost; and (ii) trade and other receivables. In 2018 and 2019 and for the nine months ended September 30, 2019 and 2020, we had impairment loss of RMB3.5 million, RMB27.1 million, RMB13.7 million and RMB33.3 million, respectively.

Other Net Income

Our other net income consists primarily of (i) interest income from bank deposits; (ii) foreign exchange gains/(losses); and (iii) investment gains from financial investments at fair value through profit or loss; and (iv) unrealized gains or losses from financial assets at fair value through profit or loss. During the Track Record Period, certain of our PRC subsidiaries borrowed intra-group loans denominated in both U.S. dollar and RMB, from our overseas subsidiaries. Since these PRC subsidiaries and overseas subsidiaries use RMB and U.S. dollar as their reporting currencies, respectively, we recorded foreign exchange gains/losses at both the standalone entity and consolidated levels as RMB appreciated or depreciated against the U.S. dollar.

The following table sets forth a breakdown of our other net income for the years/periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
					(unaudited)			
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
Other Net Income								
Interest income from bank deposits	4,707	49.5	16,043	109.9	10,219	117.3	17,068	69.0
Investment gains from financial investments at fair value through profit or loss	443	4.7	776	5.3	904	10.4	1,165	4.7
Foreign exchange gains/(losses)	4,357	45.8	(3,247)	(22.2)	(3,430)	(39.4)	3,499	14.2
Unrealized gains or losses from financial assets at fair value through profit or loss	–	–	849	5.8	345	4.0	–	–
Others	11	0.1	179	1.2	673	7.7	2,990	12.1
Total	**9,518**	**100.0**	**14,600**	**100.0**	**8,711**	**100.0**	**24,722**	**100.0**

Profit from Operation

In 2018 and 2019 and for the nine months ended September 30, 2019 and 2020, we had profit from operation of RMB54.7 million, RMB139.9 million, RMB129.7 million and RMB250.7 million, respectively.

Finance Costs

Our finance costs consist primarily of the interest expenses on (i) borrowings from banks and other financial institutions, including the short-term bridge loans that we borrow in connection with the securitization transactions enabled by our Supply Chain Finance Technology Solutions; and (ii) related parties' borrowings, representing the shareholder loans that we borrowed from affiliates of Tencent and CITIC Capital, two of our major shareholders, in 2018. We have repaid substantially all of such loans in July 2020. The bridge loans we borrow usually have very short term. During the Track Record Period, the bridge loans that we borrowed from financial institutions were repaid generally within one to two weeks. As a result, our balance of bridge loans tends to fluctuate from day to day as we continue to borrow bridge loans on a revolving basis to support the growing securitization transactions enabled by our Supply Chain Finance Technology Solutions. For more information, see "— Discussion of Selected Items from the Consolidated Statements of Financial Position — Liabilities — Borrowings."

The following table sets forth a breakdown of our finance costs for the years/periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2018		2019		2019		2020	
					(unaudited)			
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
Interest Expenses on								
Bank and other financial institution borrowings	63,550	84.5	84,521	78.0	80,671	83.5	108,868	90.4
Related parties' borrowings	11,113	14.8	23,128	21.4	15,392	15.9	11,282	9.4
Lease liabilities	513	0.7	648	0.6	534	0.6	316	0.3
Total	**75,176**	**100.0**	**108,297**	**100.0**	**96,597**	**100.0**	**120,466**	**100.0**

Share of Profit/(Loss) of Associates

In 2018, we invested in Sinopharm Rosina (Shanghai) Commercial Factory Co., Ltd., or Sinopharm Rosina, a PRC-incorporated private company engaging in pharma-focused supply chain finance business, in which we currently hold approximately 19.61% equity interest. In 2020, we invested in Go Asset Management Limited, or Go Asset Management, in which we currently hold a 30.00% equity interest. Go Asset Management is a Cayman Islands-incorporated exempted company engaging in asset management business, with a focus on investing in portfolios of quality supply chain assets. We believe our investments in Sinopharm Rosina and Go Asset Management serve as ideal complement to our existing businesses and reinforce our ability to connect and create value for participants in the supply chain finance ecosystem. Our investments in Sinopharm Rosina and Go Asset Management are accounted for using equity method. As a result, we share the changes of equity including profits and losses of Sinopharm Rosina and Go Asset Management in proportion to our equity interests in them. We recorded share of profit/(loss) of associates of RMB11 thousands, RMB(5.4) million, RMB(1.6) million and RMB8.2 million in 2018 and 2019 and for the nine months ended September 30, 2019 and 2020, respectively.

Fair Value Change of Financial Liabilities Measured at Fair Value through Profit or Loss

Our fair value change of financial liabilities measured at fair value through profit or loss primarily arises from the change in the carrying amounts of (i) redeemable convertible preferred shares and convertible loans in connection with the [**REDACTED**] Investments; and (ii) the ordinary shares with preferential rights held by certain investors. In 2018 and 2019 and for the nine months ended September 30, 2019 and 2020, we had fair value change of financial liabilities measured at fair value through profit or loss of RMB1,396.2 million, RMB1,108.1 million, RMB399.6 million and RMB534.6 million, respectively. For more information, see "— Indebtedness — Preferred Shares" and "History, Reorganization and Corporate Structure — Reorganization" of this document.

Income Tax Benefit/(Expenses)

Our income tax benefit/(expenses) are comprised primarily of current tax expense and deferred tax benefit mostly attributable to our profitable subsidiaries in the PRC. We recorded income tax benefit of RMB6.4 million in 2018 with an effective tax rate of (0.4)%. We recorded income tax expenses of RMB0.2 million, RMB1.4 million and RMB35.8 million, respectively,with effective tax rates of 0.0%, 0.4% and 9.0%, respectively, in 2019 and for the nine months ended September 30, 2019 and 2020.

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted profit/(loss) for the year/period, EBITDA and adjusted EBITDA as additional financial measures, which are not required by, or presented in accordance with IFRSs. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that these measures provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted profit/(loss) for the year/period, EBITDA and adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and investors should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

Adjusted Profit/(loss) for the Year/Period

We define adjusted profit/(loss) for the year/period as loss for the year/period adjusted by adding back fair value change of financial liabilities measured at fair value through profit or loss and share-based compensation. We exclude these items because they are not expected to result in future cash payments that are recurring in nature and they are not indicative of our core operating results and business outlook. The following table reconciles our adjusted profit/(loss) for the year/period presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, namely loss for the year/period:

	For the year ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
			(unaudited)	
	RMB	RMB	RMB	RMB
	(in thousands)			
Reconciliation of loss for the year/period and adjusted profit/(loss) for the year/period				
Loss for the year/period	(1,410,305)	(1,081,974)	(369,474)	(431,992)
Add:				
Fair value change of financial liabilities measured at fair value through profit or loss	1,396,180	1,108,072	399,595	534,560
Share-based compensation	–	10,407	6,514	26,985
Adjusted profit/(loss) for the year/period	**(14,125)**	**36,505**	**36,635**	**129,553**

EBITDA and Adjusted EBITDA

We define EBITDA as profit from operation for the year/period and adjusted for depreciation and amortization charges. We add back share-based compensation to EBITDA to derive adjusted EBITDA.

The following table reconciles our EBITDA and adjusted EBITDA for the year/periods presented to their respective most directly comparable financial measure calculated and presented in accordance with IFRSs, namely profit from operation for the years/periods.

	For the year ended December 31,		For the nine months ended September 30,	
	2018	2019	2019	2020
			(unaudited)	
	RMB	RMB	RMB	RMB
	(in thousands)			
Reconciliation of profit from operation for the year/period to EBITDA and adjusted EBITDA				
Profit from operation for the year/period	54,679	139,914	129,745	250,669
Add:				
Depreciation	8,537	17,444	16,484	13,765
Amortization	10,418	15,592	12,019	16,479
EBITDA (non-IFRS)	**73,634**	**172,950**	**158,248**	**280,913**
Add:				
Share-based compensation	–	10,407	6,514	26,985
Adjusted EBITDA (non-IFRS)	**73,634**	**183,357**	**164,762**	**307,898**

TAXATION

Cayman Islands

We are incorporated in the Cayman Islands as a company with limited liability under the Cayman Companies Act and accordingly, is not subject to income tax in the Cayman Islands.

Hong Kong

Since April 1, 2018, LLS HK and Linklogis International have been subject to Hong Kong profit tax at a rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profit over HK$2,000,000. Hong Kong has an anti-fragmentation measure under which a corporate group must nominate only one company in the group benefit from the progressive tax rates. We do not impose the progressive tax rates throughout the Track Record Period.

PRC

Our subsidiaries in China are generally subject to a general PRC corporate income tax ("**CIT**") rate of at the statutory rate of 25%, except that (i) one of our subsidiaries in the PRC which has enjoyed a three-year preferential tax treatment for high and new technology enterprises at the reduced CIT rate of 15% upon its obtaining the high and new technology enterprise qualification in December 2019; and (ii) one of our subsidiaries was recognized as small low-profit enterprise in the year ended December 31, 2019 and accordingly was entitled to a tax relief policy.

DISCUSSION OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2020 Compared with the Nine Months Ended September 30, 2019

Revenue and Income from Principal Activities

Our revenue and income from principal activities increased by 52.1% from RMB531.1 million for the nine months ended September 30, 2019 to RMB807.7 million for the nine months ended September 30, 2020, driven by an increase by 53.8% in the revenue and income generated from our Supply Chain Finance Technology Solutions from RMB472.6 million to RMB727.0 million, and an increase by 38.1% in the revenue and income generated from our Emerging Solutions from RMB58.4 million to RMB80.7 million during the same period.

- *Supply Chain Finance Technology Solutions*

  - ***Anchor Cloud***. Revenue and income from Anchor Cloud increased by 59.3% from RMB245.7 million for the nine months ended September 30, 2019 to RMB391.5 million for the nine months ended September 30, 2020, which was primarily driven by an increase in the total volume of supply chain assets processed by Anchor Cloud from RMB34,280.4 million to RMB80,810.9 million over the same period. This, in turn, was driven by an increase in the number of anchor enterprise customers of Anchor Cloud from 45 for the nine months ended September 30, 2019 to 98 for the nine months ended September 30, 2020 over the same period. We believe these increases were mainly due to increased adoption of Anchor Cloud driven by a number of factors, including strong word-of-mouth referrals from existing customers due to the strong value propositions that Anchor Cloud delivers, our investments in research and development to continue to improve Anchor Cloud, as well as our sales and marketing efforts to retain existing customers and attract new ones.

  - ***FI Cloud***. Revenue and income from FI Cloud increased by 47.9% from RMB226.9 million for the nine months ended September 30, 2019 to RMB335.5 million for the nine months ended September 30, 2020, which was primarily driven by an increase in the volume of supply chain assets processed by FI Cloud from RMB29,495.0 million to RMB41,518.2 million over the same period. This, in turn, was driven by the increase in the number of financial institution customers of FI Cloud from 45 to 79, over the same period. We believe that these increases were primarily attributable to increased adoption of FI Cloud by financial institutions and anchor enterprises due to the benefits that FI Cloud delivers, our continued research and development efforts to improve FI Cloud, and our continued investment in engaging with existing customers and partners to expand their usage of FI Cloud and in attracting new customers and partners.

- *Emerging Solutions*

  - ***Cross-border Cloud***. Revenue and income from Cross-border Cloud increased significantly from RMB0.2 million for the nine months ended September 30, 2019 to RMB15.4 million for the nine months ended September 30, 2020, which was primarily driven by an increase in the total volume of supply chain assets processed by Cross-border Cloud from RMB63.3 million to RMB2,894.9 million over the same period. This increase was, in turn, due to a rapid growth in the number of anchor enterprise partners as well as the increasing adoption by such anchor enterprise partners and their suppliers of Cross-border Cloud as a powerful solution to facilitate supply chain financing and payment. The number of our anchor enterprise partners of Cross-border Cloud increased from 7 for the nine months ended September 30, 2019 to 18 for the same period in 2020.

  - ***SME Credit Tech Solutions***. Revenue and income from SME Credit Tech Solutions increased slightly from RMB58.2 million for the nine months ended September 30, 2019 to RMB65.3 million for the nine months ended September 30, 2020, which was primarily driven by the organic growth of our SME Credit Tech Solutions, partially offset by the negative impact of COVID-19 as we have strategically reduced the volume of financing transactions enabled by SME Credit Tech Solutions beginning in the first quarter of 2020, given the impact of COVID-19 on SMEs' ability to perform their obligations under such financing transactions. See "— Impact of COVID-19."

Costs of Principal Activities

Our costs of principal activities increased by 34.9% from RMB247.2 million for the nine months ended September 30, 2019 to RMB333.3 million for the nine months ended September 30, 2020. The increase in our costs of principal activities between the nine months ended September 30, 2019 and the same period of 2020 was primarily driven by our continued business growth during the same period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by 67.1% from RMB283.9 million for the nine months ended September 30, 2019 to RMB474.3 million for the nine months ended September 30, 2020. Our overall gross profit margin increased from 53.5% for the nine months ended September 30, 2019 to 58.7% for the nine months ended September 30, 2020, which was primarily due to our increasing economies of scale and cost-efficiency as our business continued to grow. The gross profit margin of our Supply Chain Finance Technology Solutions increased from 49.9% for the nine months ended September 30, 2019 to 56.2% for the nine months ended September 30, 2020, primarily driven by our increasing economies of scale and cost-efficiency. The gross profit margin of our Emerging Solutions decreased from 82.5% for the nine months ended September 30, 2019 to 81.1% for the nine months ended September 30, 2020, which was primarily due to the shift within the mix of our various types of Emerging Solutions which have different margin profiles which, in turn, was partially due to the impact of COVID-19.

Research and Development Expenses

Our research and development expenses increased by 71.7% from RMB46.1 million for the nine months ended September 30, 2019 to RMB79.2 million for the nine months ended September 30, 2020, as we continued to invest substantially in enhancing our solutions and technology capabilities to meet the needs of our business growth. More specifically, the increase was driven by (i) an increase in salaries and other benefits that were not capitalized, as a result of the increased number of our research and development employees; (ii) an increase in share-based compensation associated with the share incentive awards granted to our research and development employees; and (iii) an increase in amortization of capitalized research and development expenses and information technology expenses.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 33.1% from RMB45.6 million for the nine months ended September 30, 2019 to RMB60.7 million for the nine months ended September 30, 2020, which was primarily driven by our overall business growth and our continued investments in engaging with existing customers and attracting new customers. More specifically, the increase was driven mainly (i) an increase in salaries and other benefits due to the increased number of our sales and marketing employees; and (ii) an increase in share-based compensation associated with the share incentive awards granted to our sales and marketing employees. These increases were partially offset by a decrease in promotion and advertising expenses.

Administrative Expenses

Our administrative expenses increased by 31.0% from RMB57.4 million for the nine months ended September 30, 2019 to RMB75.2 million for the nine months ended September 30, 2020, which was primarily driven by our overall business growth. More specifically, the increase was driven mainly by (i) increased share-based compensation associated with the share incentive awards granted to our general and administrative employees; and (ii) an increase in salaries and other benefits due to the increased number of our administrative employees.

Impairment Loss

Our impairment loss increased significantly by 142.3% from RMB13.7 million for the nine months ended September 30, 2019 to RMB33.3 million for the nine months ended September 30, 2020. This increase was primarily driven by an increase in the impairment losses on the self-funded and covered financing transactions enabled by our Emerging Solutions due to the negative impact of COVID-19. For more information about such financing transactions, see "Business — Our Solutions — Emerging Solutions." For more information about the impact of COVID-19, see "— Impact of COVID-19." For more information about the credit risk to which we are exposed in relation to such self-funded and covered financing transactions, see "— Qualitative and Quantitative Disclosure about Market Risks — Credit Risk" and "Risk Factors — Risks Relating to our Business and Industry — We are exposed to credit risks associated with certain offerings of our Emerging Solutions" of this document.

Other Net Income

Our other net income increased by 183.8% from RMB8.7 million for the nine months ended September 30, 2019 to RMB24.7 million for the nine months ended September 30, 2020. The increase was mainly due to (i) foreign exchange gains of RMB3.5 million for the nine months ended September 30, 2020, as opposed to foreign exchange losses of RMB3.4 million for the same period in 2019, as a result of fluctuation in the exchange rate over such periods; and (ii) an increase in the interest income from bank deposits from RMB10.2 million for the nine months ended September 30, 2019 to RMB17.1 million for the same period in 2020 driven by an increase in the amount of bank deposits due to the [**REDACTED**] from [**REDACTED**] Investments over the same period.

Profit from Operation

As a result of the foregoing, our profit from operation increased by 93.2% from RMB129.7 million for the nine months ended September 30, 2019 to RMB250.7 million for the nine months ended September 30, 2020.

Finance Costs

Our finance costs increased by 24.7% from RMB96.6 million for the nine months ended September 30, 2019 to RMB120.5 million for the nine months ended September 30, 2020, primarily due to increased bridge loans we borrowed from financial institutions which, in turn, was driven by the rapid growth in the volume of the securitization transactions enabled by our Supply Chain Finance Technology Solutions during the same period, partially offset by a decrease in related parties' borrowings as we have repaid substantially all of the loans from affiliates of Tencent and CITIC Capital in July 2020.

Share of Profit/(Loss) of Associates

We recorded a share of loss of associates of RMB1.6 million for the nine months ended September 30, 2019 and a share of profit of associates of RMB8.2 million for the nine months ended September 30, 2020, which was primarily due to improvement in the financial performance of Sinopharm Rosina during the foregoing periods.

Fair Value Change of Financial Liabilities Measured at Fair Value through Profit or Loss

We recorded fair value change of financial liabilities measured at fair value through profit or loss of RMB399.6 million and RMB534.6 million, respectively, for the nine months ended September 30, 2019 and 2020. The aforementioned changes were mainly due to an increase in the fair value of redeemable convertible preferred shares, convertible loans and certain ordinary shares with preferential rights, driven by our strong business growth and improved business outlook.

Income Tax Expense

Our income tax expense increased significantly from RMB1.4 million for the nine months ended September 30, 2019 to RMB35.8 million for the nine months ended September 30, 2020, which was primarily attributable to the increases in the taxable profits of our subsidiaries in the PRC.

Year Ended December 31, 2019 Compared with the Year Ended December 31, 2018

Revenue and Income from Principal Activities

Our revenue and income from principal activities increased by 82.8% from RMB382.7 million in 2018 to RMB699.6 million in 2019, which was primarily driven by an increase by 64.4% in the revenue and income generated from Supply Chain Finance Technology Solutions from RMB365.9 million to RMB601.7 million and a significant increase in the revenue and income generated from our Emerging Solutions from RMB16.8 million to RMB97.9 million, during the same period.

- *Supply Chain Finance Technology Solutions*

  - ***Anchor Cloud***. Revenue and income from Anchor Cloud increased by 223.8% from RMB89.1 million in 2018 to RMB288.4 million in 2019, which was primarily driven by the increase in the total volume of supply chain assets processed by Anchor Cloud from RMB9,071.6 million to RMB44,931.0 million over the same period. This, in turn, was driven by an increase in the number of anchor enterprise customers of Anchor Cloud from 20 in 2018 to 52 in 2019 and, an increase in the average volume of supply chain assets processed per anchor enterprise customer

from RMB453.6 million to RMB864.1 million, over the same period. We believe these increases were mainly attributable to increased adoption of Anchor Cloud driven by a number of factors, including strong word-of-mouth referrals from existing customers based on the strong value propositions that Anchor Cloud delivers, our investments in research and development to continue to improve Anchor Cloud, as well as our sales and marketing efforts to retain existing customers and attract new ones.

- ***FI Cloud***. Revenue and income from FI Cloud increased by 13.2% from RMB276.9 million in 2018 to RMB313.3 million in 2019, which was primarily driven by an increase in the volume of supply chain assets processed by FI Cloud from RMB20,266.4 million to RMB37,663.0 million over the same period. This, in turn, was driven by the increase in the number of financial institution customers of FI Cloud from 23 to 53, over the same period. We believe that these increases were primarily attributable to increased adoption of FI Cloud by financial institutions due to the benefits delivered by FI Cloud, our continued research and development efforts to improve FI Cloud, and our continued investment in engaging with existing customers and partners to expand their usage of FI Cloud and in attracting new customers and partners.

- *Emerging Solutions*

  - ***Cross-border Cloud***. We launched our Cross-border Cloud in 2019 and generated revenue and income from Cross-border Cloud of nil and RMB2.2 million, respectively, in 2018 and 2019.

  - ***SME Credit Tech Solutions***. Revenue and income from SME Credit Tech Solutions increased significantly from RMB16.8 million in 2018 to RMB95.7 million in 2019 which was primarily due to an increase in the total amount of financing transactions enabled by our SME Credit Tech Solutions from RMB907.6 million to RMB5,632.0 million over the same period. This, in turn, was driven by an increase in the total number of anchor enterprise partners and the resulting increase in the number of SMEs served by our SME Credit Tech Solutions. In 2019, SME Credit Tech Solutions served seven anchor enterprise partners as compared to nil in 2018. We believe that the aforementioned increases in the numbers of anchor enterprise partners reflect increased adoption of SME Credit Tech Solutions which, in turn, was driven by increased awareness of the benefits it delivers among anchor enterprises, financial institutions and SMEs.

Costs of Principal Activities

Our costs of principal activities increased by 77.9% from RMB189.2 million in 2018 to RMB336.6 million in 2019, an increase at a pace similar to that of the total revenue and income from principal activities. The increase in costs of principal activities was primarily driven by our continued business growth over the same period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by 87.6% from RMB193.5 million in 2018 to RMB363.0 million in 2019. We recorded overall gross profit margin of 50.6% and 51.9%, respectively, in 2018 and 2019. The gross profit margin of our Supply Chain Finance Technology Solutions remained largely stable at 50.0% and 47.0%, respectively, in 2018 and 2019. The gross profit margin of our Emerging Solutions increased from 63.2% in 2018 to 81.8% in 2019, which was primarily due to the rapid growth in our SME Credit Tech Solutions and the shift within the mix of our various types of Emerging Solutions which have different margin profiles.

Research and Development Expenses

Our research and development expenses increased by 45.0% from RMB41.3 million in 2018 to RMB59.9 million in 2019, as we continued to increase our research and development efforts to meet the needs of our business growth. In 2019, we have continued to devote substantial resources in enhancing our solutions and technology capabilities, such as our investments in building the technology stacks and platforms for our Cross-border Cloud launched in 2019. More specifically, the increase was driven by (i) an increase in salaries and other benefits that were not capitalized, as a result of the increased number of our research and development employees; (ii) an increase in amortization of capitalized research and development expenses and information technology expenses; and (iii) an increase in rental-related expenses allocated to research and development activities.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 59.2% from RMB42.8 million in 2018 to RMB68.1 million in 2019, which was primarily driven by our overall business growth and our continued investments in engaging with existing customers and attracting new customers. More specifically, the increase was driven mainly by (i) an increase in promotion and advertising expenses as we continued to intensify our sales and marketing efforts; (ii) an increase in salaries and other benefits due to the increased number of our sales and marketing employees; and (iii) an increase in share-based compensation associated with the share incentive awards granted to our sales and marketing employees.

Administrative Expenses

Our administrative expenses increased by 35.8% from RMB60.8 million in 2018 to RMB82.6 million in 2019, which was primarily driven by our overall business growth. More specifically, the increase was driven mainly by (i) an increase in salaries and other benefits which, in turn, was due to the increased number of our administrative employees, and (ii) the expenses associated with the share incentive awards granted to our administrative employees in 2019. The increase was partially offset by a decrease in the fees paid to third parties for their professional services.

Impairment Loss

Our impairment loss increased significantly from RMB3.5 million in 2018 to RMB27.1 million in 2019. This increase was primarily driven by the rapid increase in the volume of self-funded financing transactions enabled by our SME Credit Tech Solutions and the prudent approach we have taken in making impairment losses on these transactions. For more information about these self-funded financing transactions, see "Business — Our Solutions — Emerging Solutions." For more information about the credit risk to which we are exposed in relation to such self-funded and covered financing transactions, see "— Qualitative and Quantitative Disclosure about Market Risks — Credit Risk" and "Risk Factors — Risks Relating to our Business and Industry — We are exposed to credit risks associated with certain offerings of our Emerging Solutions."

Other Net Income

Our other net income increased by 53.4% from RMB9.5 million in 2018 to RMB14.6 million in 2019. The increase was mainly driven by an increase from RMB4.7 million in 2018 to RMB16.0 million in 2019 in the interest income from bank deposits driven by an increase in the amount of bank deposits due to the [**REDACTED**] we received from our [**REDACTED**] Investments over the same period. The increase was partially offset by foreign exchange losses of RMB3.2 million in 2019, as opposed to foreign exchange gains of RMB4.4 million in 2018, as a result of unfavorable movement in the exchange rate.

Profit from Operation

As a result of the foregoing, our profit from operation increased by 155.9% from RMB54.7 million in 2018 to RMB139.9 million in 2019. The increase was mainly driven by our overall rapid business growth. More specifically, the increase in the revenue and income from principal activities, during the same period, which largely outpaced the growth in costs from principal activities and expenses in the same year or period.

Finance Costs

Our finance costs increased by 44.1% from RMB75.2 million in 2018 to RMB108.3 million in 2019, primarily due to (i) increased bridge loans we borrowed from financial institutions which, in turn, was driven by the rapid growth in the volume of the securitization transactions enabled by our Supply Chain Finance Technology Solutions; and (ii) the costs of the shareholder loans that we borrowed from affiliates of Tencent and CITIC Capital in 2018. We have repaid substantially all of these loans in July 2020.

Share of Profit/(Loss) of Associates

We recorded share of profit of associates of RMB11 thousand in 2018 and share of loss of associates of RMB5.4 million in 2019, which was primarily due to changes in the financial performance of Sinopharm Rosina during the foregoing years.

Fair Value Change of Financial Liabilities Measured at Fair Value through Profit or Loss

We recorded fair value change of financial liabilities measured at fair value through profit or loss of RMB1,396.2 million and RMB1,108.1 million for the year ended December 31, 2018 and 2019. The aforementioned changes were mainly due to an increase in the fair value of redeemable convertible preferred shares, convertible loans and certain ordinary shares with preferential rights, driven by our strong business growth and improved business outlook.

Income Tax Benefit/(Expense)

We recorded income tax benefit of RMB6.4 million and income tax expense of RMB0.2 million, respectively, in 2018 and 2019, which was primarily attributable to the increases in the taxable profits of our subsidiaries in the PRC.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix I to this document:

	As of December 31,		As of September 30,
	2018	2019	2020
			(unaudited)
	(RMB in thousands)		
ASSETS			
Non-current assets			
Property, plant and equipment	5,073	12,335	13,230
Right-of-use assets	18,179	8,862	52,135
Intangible assets	26,742	65,081	88,276
Interests in associates	100,011	94,653	109,961
Financial assets at fair value through profit or loss	–	20,849	–
Prepayments, other receivables and other assets	986	32,363	38,104
Deferred tax assets	32,705	47,907	73,343
Total non-current assets	**183,696**	**282,050**	**375,049**
Current assets			
Financial assets at fair value through profit or loss	925,857	1,337,279	1,444,117
Trade receivables	56,051	152,761	248,856
Financial assets at amortized cost	680,677	856,688	1,056,934
Prepayments, other receivables and other assets	709,064	473,954	395,618
Restricted cash	54,116	278,893	391,742
Cash and cash equivalents	519,043	390,027	256,648
Total current assets	**2,944,808**	**3,489,602**	**3,793,915**
Total assets	**3,128,504**	**3,771,652**	**4,168,964**

	As of December 31,		As of September 30,
	2018	2019	2020
			(unaudited)
	(RMB in thousands)		
LIABILITIES			
Current liabilities			
Trade payables	28,830	55,129	168,966
Contract liabilities	–	15	540
Borrowings	476,502	430,392	255,187
Income tax payables	14,211	7,620	45,335
Lease liabilities	12,593	8,110	11,513
Other payables, accruals and other liabilities	533,308	1,058,409	1,336,847
Provisions	–	–	486
Financial liabilities measured at fair value through profit or loss	3,288,498	4,778,804	5,313,364
Total current liabilities	**4,353,942**	**6,338,479**	**7,132,238**
Net current liabilities	**(1,409,134)**	**(2,848,877)**	**(3,338,323)**
Non-current liabilities			
Borrowings	310,003	22,692	13,241
Lease liabilities	5,592	503	39,638
Other payables, accruals and other liabilities	–	421	506
Total non-current liabilities	**315,595**	**23,616**	**53,385**
Equity			
Share capital	30	30	30
Reserves	(1,541,063)	(2,595,311)	(3,022,626)
Total deficit attributable to equity shareholders of the Company	**(1,541,033)**	**(2,595,281)**	**(3,022,596)**
Non-controlling interest	**–**	**4,838**	**5,937**
Total deficit	**(1,541,033)**	**(2,590,443)**	**(3,016,659)**

NET CURRENT ASSETS AND LIABILITIES

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of November 30,
	2018	2019	2020	
			(unaudited)	
	(RMB in thousands)			
Current assets				
Financial assets at fair value through profit or loss	925,857	1,337,279	1,444,117	987,625
Trade receivables	56,051	152,761	248,856	298,005
Financial assets at amortized cost	680,677	856,688	1,056,934	978,923
Prepayment, other receivable and other assets	709,064	473,954	395,618	914,436
Restricted cash	54,116	278,893	391,742	350,652
Cash and cash equivalents	519,043	390,027	256,648	1,092,194
Total current assets	**2,944,808**	**3,489,602**	**3,793,915**	**4,621,835**
Current liabilities				
Trade payables	28,830	55,129	168,966	132,652
Contract liabilities	–	15	540	589
Borrowings	476,502	430,392	255,187	1,253,863
Income tax payables	14,211	7,620	45,335	14,569
Lease liabilities	12,593	8,110	11,513	10,806
Other payables, accruals and other liabilities	533,308	1,058,409	1,336,847	1,245,139
Provisions	–	–	486	486
Financial liabilities at fair value through profit or loss	3,288,498	4,778,804	5,313,364	5,318,375
Total current liabilities	**4,353,942**	**6,338,479**	**7,132,238**	**7,976,479**
Net current liabilities	**(1,409,134)**	**(2,848,877)**	**(3,338,323)**	**(3,354,644)**

We recorded net current liabilities of RMB1,409.1 million, RMB2,848.9 million, RMB3,338.3 million and RMB3,354.6 million, respectively, as of December 31, 2018 and 2019 and September 30 and November 30, 2020. The continued increase in our net current liabilities throughout the Track Record Period was primarily due to an increase in the financial liabilities at fair value through profit or loss, as a result of an increase in the fair value of our redeemable convertible preferred shares, convertible loans and ordinary shares with preferential rights. Upon the completion of the [**REDACTED**], all of our preferred shares will be automatically converted into ordinary shares and the preference rights of the abovementioned ordinary shares would be terminated. For more information, see "Financial Information – Indebtedness –

Preferred Shares" of this document. For a detailed discussion of the historical changes in certain key items in our consolidated statements of financial position, see "Financial Information – Discussion of Selected Items from the Consolidated Statements of Financial Position" of this document.

Our net current liabilities increased from RMB1,409.1 million as of December 31, 2018 to RMB2,848.9 million as of December 31, 2019, primarily due to an increase in financial liabilities at fair value through profit or loss from RMB3,288.5 million as of December 31, 2018 to RMB4,778.8 million as of December 31, 2019. The increase was partially offset by an increase in financial assets at fair value through profit or loss from RMB925.9 million as of December 31, 2018 to RMB1,337.3 million as of December 31, 2019.

Our net current liabilities increased from RMB2,848.9 million as of December 31, 2019 to RMB3,338.3 million as of September 30, 2020, primarily due to (i) an increase in financial liabilities measured at fair value through profit or loss from RMB4,778.8 million as of December 31, 2019 to RMB5,313.4 million as of September 30, 2020, and (ii) an increase in other payables, accruals and other liabilities from RMB1,058.4 million to RMB1,336.8 million, partially offset by an increase in financial assets at fair value through profit or loss from RMB1,337.3 million as of December 31, 2019 to RMB1,444.1 million as of September 30, 2020.

Our net current liabilities remained stable at RMB3,338.3 million as of September 30, 2020 and RMB3,354.6 million as of November 30, 2020.

Assets

Property, plant and equipment

Our property, plant and equipment consist primarily of computer equipment, furniture, office equipment, and leasehold improvements, which relate mainly to our leased office building in Shenzhen. Our property, plant and equipment increased from RMB5.1 million as of December 31, 2018 to RMB12.3 million as of December 31, 2019, and increased further to RMB13.2 million as of September 30, 2020, which was primarily due to acquisition of computer and electric equipment, furniture and office equipment to meet the needs of the increased number of our employees and expansion and leasehold improvements of office spaces during these periods.

Right-of-use assets

Our right-of-use assets were RMB18.2 million, RMB8.9 million and RMB52.1 million, respectively, as of December 31, 2018 and 2019 and September 30, 2020. Our right-of-use assets relate primarily to our leases of our office spaces at our Shenzhen headquarters.

Intangible assets

Our intangible assets consist mainly of capitalized research and development expenditure on our self-developed platforms and software. Our intangible assets were RMB26.7 million, RMB65.1 million and RMB88.3 million, respectively, as of December 31, 2018 and 2019 and September 30, 2020. Throughout the Track Record Period, our intangible assets have continued to increase, mainly driven by an increase in capitalized research and development expenditures as we continuously invested substantially in developing and enhancing our technology solutions.

Interest in associates

Our interest in associates was RMB100.0 million, RMB94.7 million and RMB110.0 million, respectively, as of December 31, 2018 and 2019 and September 30, 2020. The change in our interest in associates throughout the Track Record Period relates primarily to the operational and financial performance of Sinopharm Rosina and Go Asset Management.

Financial Assets at Fair Value through Profit or Loss

The following table sets forth our financial assets at fair value through profit or loss as of the dates indicated:

	As of December 31,		As of September 30,
	2018	2019	2020
			(unaudited)
	(RMB in thousands)		
Non-current			
Unlisted equity investment	–	20,849	–
Current			
Supply chain assets held for sales	917,388	1,310,443	1,326,160
Asset-backed securities	8,369	26,836	49,530
Others	100	–	68,427
Total	**925,857**	**1,358,128**	**1,444,117**

Our financial assets at fair value through profit or loss consist of both current and non-current portions. The current portion consists mainly of (i) supply chain assets held for sales; (ii) asset-backed securities relating to our investments in the products offered in the securitization transactions enabled by our Supply Chain Finance Technology Solutions; and (iii) investments in short-term wealth management products.

Supply chain assets held for sales primarily relate to the supply chain assets (mostly suppliers' accounts receivable due from the anchor enterprises that have been confirmed by the anchor enterprises) we have acquired from suppliers in connection with the securitization transactions enabled by our ABS Cloud. Such assets will shortly thereafter be transferred to an SPV formed specifically for the securitization transaction and then sold to the investors. For more information about such securitization transactions, see "Business — Our Solutions — Our Supply Chain Finance Technology Solutions — ABS Cloud." The process beginning from the acquisition of the underlying supply chain assets and ending the receipt of the proceeds from the securitization transactions is called "warehousing." The warehousing process generally is completed within a short timeframe (usually in only one to two weeks), and as a result, the balance of our supply chain assets held for sales may fluctuate from day to day. Throughout the Track Record Period, the balance of our supply chain assets held for sales has continued to increase from RMB917.4 million as of December 31, 2018 to RMB1,310.4 million as of December 31, 2019 and further to RMB1,326.2 million as of September 30, 2020, primarily driven by the continued growth of such securitization transactions during the Track Record Period.

The non-current portion of our financial assets at fair value through profit or loss relates to an equity investment that we made in 2019 in a PRC-incorporated private company engaging in supply chain technology services. We have disposed of all of our interests in this company in 2020.

Prepayments, Other Receivables and Other Assets

The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		As of September 30,
	2018	2019	2020
			(unaudited)
	(RMB in thousands)		
Non-current			
Loan to a non-controlling shareholder of an associate	–	30,000	30,000
Long-term deferred expenses	986	2,363	8,104
Total	**986**	**32,363**	**38,104**
Current			
Deposits associated with FI Cloud and SME Credit Tech Solutions	163,367	22,919	12,497
Receivables from anchor enterprises	131,255	4,000	277,995
Continuing involvement in asset-backed securities	6,000	12,000	28,000
Prepaid expenses for supply chain financing	4,942	18,948	19,239
Input value-added-tax ("VAT") to be certified	1,742	5,788	25,858
Prepaid software and service expense	4,280	471	650
Amount due from shareholders	389,332	401,929	19,696
Others	8,181	7,900	11,758
Less: allowance for impairment losses	(35)	(1)	(75)
Total	**709,064**	**473,954**	**395,618**

The current portion of prepayment, other receivables and other assets consists primarily of (i) deposits associated with FI Cloud and SME Credit Tech Solutions; (ii) receivables from anchor enterprises; (iii) amounts due from shareholders; and (iv) continuing involvement in asset-backed securities.

Receivables from anchor enterprises arise in the securitization transactions enabled by our Supply Chain Finance Technology Solutions and represent the supply chain assets (mostly suppliers' accounts receivable due from anchor enterprises) that we acquire from the suppliers as part of the "warehousing" process pursuant to revenue-generating contracts between us and the anchor enterprises. Since we are protected under the terms of such contracts from fair value changes in the supply chain assets, such supply chain assets are classified as prepayments,

other receivables and other assets on our balance sheet. The warehousing process generally is completed within a short timeframe (usually in only one to two weeks); as a result, our receivables from anchor enterprises may fluctuate from day to day.

Deposits associated with FI Cloud and SME Credit Tech Solutions represent the deposits that we pay to third-party agencies for the services that they provided to (i) certain trust plans that were consolidated into our financial statements, and (ii) certain asset management plans where we acted as the originator. During the Track Record Period, the financing of certain of the transactions enabled by our SME Credit Tech Solutions has been structured as trust plans. For more information about these trust plans, see "— Financial Assets at Amortized Cost." Historically, certain supply chain assets processed by our FI Cloud were transferred to such asset management plans and then offered to investors. Such arrangement was one-off in nature, and we ceased to use it in 2018, which was the main driver for the decrease in deposits associated with FI Cloud and SME Credit Tech Solutions between December 31, 2018 and 2019.

Amount due from shareholders as of a given date represent the amount payable by certain shareholders to subscribe for shares in our Company that remained outstanding as of that date. These amounts have been paid in full as of the date of this document.

Continuing involvement in asset-backed securities relate to our continuing interest in certain of the underlying assets in the securitization transactions enabled by our Supply Chain Finance Technology Solutions. For more information about such continuing involvement in asset-backed securities, see Note 31 to the Accountants' Report included in Appendix I to this document.

The current portion of our prepayment, other receivables and other assets decreased from RMB709.1 million as of December 31, 2018 to RMB474.0 million as of December 31, 2019, primarily due to the decrease in the deposits associated with FI Cloud and SME Credit Tech Solutions, as well as fluctuations in receivables from anchor enterprises due to the reasons as described above. The current portion of our prepayment, other receivables and other assets decreased from RMB474.0 million as of December 31, 2019 to RMB395.6 million as of September 30, 2020, which was primarily due to fluctuations in receivables from anchor enterprises due to the reasons as described above.

The non-current portion of prepayment, other receivables and other assets consists primarily of a loan that we extended to a shareholder of Sinopharm Rosina, one of our associates, in 2019. The loan has a total principal amount of RMB30 million and a term of three years. See Note 18 to the Accountants' Report in Appendix I to this document.

Trade Receivables

Our trade receivables consist primarily of the outstanding service fees due from customers in connection with the transactions enabled by our solutions.

Throughout the Track Record Period, our trade receivables has generally continued to increase, which was primarily driven by the overall growth in the volume of transactions enabled by our solutions during the same period.

The following table sets forth our trade receivables turnover days for the periods indicated. Trade receivables turnover days for a period equals the average of the opening and closing trade receivables balance divided by revenue and income from principal activities for the relevant period and multiplied by the number of days in the relevant period.

	For the year ended December 31,		For the nine months ended September 30,
	2018	2019	2020
Average trade receivables turnover days	29	54	68

In 2018 and 2019 and for the nine months ended September 30, 2020, our average trade receivables turnover days were 29 days, 54 days, and 68 days, respectively. The average trade receivables turnover days has increased throughout the Track Record Period due to our rapid business growth and as we had different and more diversified settlement terms with different customers as our customer base continued to grow in number and diversity.

As of November 30, 2020, RMB17.9 million, or 7.2% of our trade receivables outstanding as of September 30, 2020, had been subsequently settled.

As of December 31, 2018 and 2019 and September 30, 2020, we had allowance for impairment for trade receivables of nil, RMB152 thousand and RMB223 thousand, respectively. See Note 16 to the Accountants' Report set forth in Appendix I to this document for further details on allowance and aging analysis for our trade receivables.

Financial Assets at Amortized Cost

The following table sets forth our financial assets at amortized cost as of the dates indicated:

	As of December 31,		As of September 30,
	2018	2019	2020
			(unaudited)
	(RMB in thousands)		
Assets held by the consolidated trusts	–	239,714	152,244
Supply chain assets from			
Cross-border Cloud	–	136,617	664,131
SME Credit Tech Solutions	287,021	496,188	259,209
FI Cloud	397,449	–	–
	684,470	632,805	923,340
	684,470	872,519	1,075,584
Less: loss allowance			
Assets held by the consolidated trusts	–	(8,303)	(2,211)

	As of December 31,		As of September 30,
	2018	2019	2020
			(unaudited)
	(RMB in thousands)		
Supply chain assets from			
Cross-border Cloud	–	(1,422)	(7,230)
SME Credit Tech Solutions	(3,685)	(6,106)	(9,209)
FI Cloud	(108)	–	–
	(3,793)	(7,528)	(16,439)
Carrying amount of financial assets at amortized cost	**680,677**	**856,688**	**1,056,934**

Assets held by the consolidated trusts consist of the balance of certain financing transactions enabled by our SME Credit Tech Solutions. During the Track Record Period, the financing of certain of such transactions has been structured as certain trust plans, and the balance of such financing transactions was recorded on such trust plans' financial statements. We are deemed to have control over such trust plans because we have the power over, and have the rights to, the returns from our involvement in these trust plans and have the ability to use our power to affect our returns from these trust plans. We have, therefore, consolidated the financial results of such trust plans, including the balance of the foregoing financing transactions, into our financial statements for the applicable years/periods. The financing transactions effected pursuant to some of these trust plans have expired by September 30, 2020, which was the main driver for the decrease in our assets held by consolidated trusts from RMB239.7 million as of December 31, 2019 to RMB152.2 million as of September 30, 2020. For more information about these trust plans, see Note 31 to the Accountants' Report included in Appendix I to this document.

Supply chain assets consist mainly of the amount of the supply chain assets in the self-funded financing transactions enabled by our Emerging Solutions. In a typical self-funded financing transaction, we use our own fund to acquire from suppliers supply chain assets, mostly their accounts receivable due from anchor enterprises, thereby providing financing to the suppliers. The supply chain assets for SME Credit Tech Solutions increased from RMB287.0 million as of December 31, 2018 to RMB496.2 million as of December 31, 2019, which reflected our business growth of SME Credit Tech Solutions. It then decreased from RMB496.2 million as of December 31, 2019 to RMB259.2 million as of September 30, 2020, primarily because we have, since the first quarter of 2020, strategically reduced the volume of self-funded financing transactions enabled by our SME Credit Tech Solutions, given the negative impact of COVID-19 on the SMEs' ability to perform their obligations under such financing transactions. We launched our Cross-border Cloud in 2019 and did not have any supply chain assets from Cross-border Cloud as of December 31, 2018. The supply chain assets from our Cross-border Cloud increased from RMB136.6 million as of December 31, 2019 to RMB664.1 million as of September 30, 2020, primarily driven by the rapid growth in the volume of transactions enabled by our Cross-border Cloud. We recorded supply chain assets from FI Cloud of RMB397.4 million as of December 31, 2018, which arose from certain asset management plans where we acted as the originator. For more information about such asset management plans, see "— Prepayments, other Receivables and other Assets."

Restricted Cash

Our restricted cash consists primarily of (i) cash in escrow account intended to be used to acquire the underlying assets in the securitization transactions enabled by our Supply Chain Finance Technology Solutions; (ii) cash deposited in custodian bank which was held by the consolidated trust plans formed specifically to facilitate financing enabled by SME Credit Tech Solutions (see "— Financial Assets at Amortized Cost" for more information); and (iii) pledged deposits, representing our deposits with offshore banks to secure borrowings extended to us by their PRC affiliates. We had restricted cash of RMB54.1 million, RMB278.9 million, and RMB391.7 million, respectively, as of December 31, 2018 and 2019 and September 30, 2020. The changes in our restricted cash throughout the Track Record Period were driven by fluctuations in the aforementioned cash items.

Cash and Cash Equivalents

Our cash and cash equivalents were RMB519.0 million, RMB390.0 million and RMB256.6 million, respectively, as of December 31, 2018 and 2019 and September 30, 2020. Our cash and cash equivalents consist primarily of cash at bank on demand and amounts due from banks and other financial institutions that are repayable on demand.

Liabilities

Trade Payables

Our trade payables consists primarily of the expenses payable by us to third parties, such as underwriters, rating agencies, law firms and accounting firms, for their services rendered in the transactions enabled by our solutions. During the Track Record Period, driven by the rapid growth in the volume of transactions enabled by our solutions, our trade payables has generally continued to increase, from RMB28.8 million as of December 31, 2018 to RMB55.1 million as of December 31, 2019, and further to RMB169.0 million as of September 30, 2020.

The following table sets forth our trade payables turnover days for the periods indicated. Trade payables turnover days for a period equals the average of the opening and closing trade payables balance divided by costs of principle activities for the relevant period and multiplied by the number of days in the relevant period.

	For the year ended December 31,		For the nine months ended September 30,
	2018	2019	2020
Average trade payables turnover days	29	46	92

In 2018 and 2019 and for the nine months ended September 30, 2020, our average trade payables turnover days were 29 days, 46 days, and 92 days, respectively. Our average trade payables turnover days have continued to increase throughout the Track Record Period, driven by our rapid business growth and as we benefited from more flexible settlement terms as we continued to build relationships and trust with our suppliers.

As of November 30, 2020, RMB27.8 million, or 16.5% of our trade payables outstanding as of September 30, 2020, had been subsequently settled.

Borrowings

The following table sets forth our interest bearing borrowings as of the dates indicated:

	As of December 31,		As of September 30,	As of November 30,
	2018	2019	2020	2020
			(unaudited)	
	(RMB in thousands)			
Bank and Other Financial Institution borrowings				
Unsecured	412,350	1,776	55,187	1,172,119
Pledged	–	130,173	200,000	81,745
Related parties borrowings				
Unsecured	374,155	321,135	13,241	13,151
Total	**786,505**	**453,084**	**268,428**	**1,267,015**

Our borrowings consist of (i) bank borrowings, including short-term bridge loans that we borrowed from financial institutions in connection with the securitization transactions enabled by our Supply Chain Finance Technology Solutions; and (ii) related parties borrowings. The bridge loans that we borrow from financial institutions usually have very short term. Throughout the Track Record Period, the bridge loans that we borrowed from financial institutions were repaid generally within one to two weeks. As a result, our balance of bridge loans tend to fluctuate from day to day as we continue to borrow bridge loans on a revolving basis to support the growing securitization transactions enabled by our Supply Chain Finance Technology Solutions. Our related parties borrowings consist primarily of the shareholder loans that we borrowed from affiliates of Tencent and CITIC Capital, two of our major shareholders, in 2018. We have repaid substantially all these loans in July 2020.

The following tables set forth the effective interest rates of our borrowings and their amounts payable as of the dates indicated:

	As of December 31,		As of September 30,
	2018	2019	2020
	Effective interest rate	Effective interest rate	Effective interest rate
			(unaudited)
Bank and other financial institution borrowings			
– Unsecured	6%-11.8%	8%-10%	3.3%
– Pledged	–	4.3%	3.8%
Related parties borrowings			
– Unsecured	2%-9%	2%-9%	11%

	As of December 31,		As of September 30,
	2018	2019	2020
	(RMB in thousands)		
			(unaudited)
Within 1 year and included in current liabilities	476,502	430,392	255,187
After 1 year and included in non-current liabilities			
– After 1 year but within 2 years	290,000	–	–
– After 2 years but within 5 years	–	–	–
– More than 5 years	20,003	22,692	13,241
	786,505	453,084	268,428

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss represent our redeemable convertible preferred shares, convertible loans and certain ordinary shares with preferential rights. Throughout the Track Record Period, our financial liabilities at fair value through profit or loss classified as current liabilities have continued to increase from RMB3,288.5 million as of December 31, 2018 to RMB4,778.8 million as of December 31, 2019, and increased further to RMB5,313.4 million as of September 30, 2020, driven by a continued increase in the fair value of our redeemable convertible preferred shares, convertible loans and ordinary shares with preferential rights which, in turn, was driven by our strong business growth and improved business outlook. For more information, see "– Indebtedness – Preferred Shares" of this document.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. We recorded lease liabilities of RMB18.2 million, RMB8.6 million, RMB51.2 million and RMB49.5 million, respectively, as of December 31, 2018 and 2019, September 30, 2020, and November 30, 2020. During the Track Record Period, we have obtained the right to use certain office buildings through lease agreements with term typically running for an initial period of one to five years. For more information, see Note 12 to the Accountants' Report in Appendix I to this document.

Other Payables, Accruals and other Liabilities

The following table sets forth our other payables, accruals and other liabilities as of the dates indicated.

	As of December 31,		As of September 30,
	2018	2019	2020
	(RMB in thousands)		
			(unaudited)
Current			
Payable to anchor enterprises	59,357	111,804	842,320
Payable to trust investors	–	251,258	171,919
Payable to plan investors	394,023	–	216,448
Bills payable	–	615,154	–
Amount due to investors	34,509	19,903	19,903
Continuing involvement in asset-backed securities	6,000	12,000	28,000
Accrued payroll and other benefits	15,370	21,819	37,149
Tax and levies	5,512	4,926	–
Others	18,537	21,545	21,108
Subtotal	533,308	1,058,409	1,336,847
Non-current			
Deferred income from government grant	–	421	506
Total	**533,308**	**1,058,830**	**1,337,353**

Payable to anchor enterprises relates to the securitization transactions enabled by our Supply Chain Finance Technology Solutions and primarily arise in circumstances where our acquisition of the underlying assets from the suppliers was paid by the anchor enterprises. For more information about such securitization transactions, see "Business — Our Solutions — Our Supply Chain Finance Technology Solutions — ABS Cloud."

Payable to plan investors as of December 31, 2018 represented the amounts payable by us to investors in certain asset management plans where we acted as the originator. Historically, certain supply chain assets processed by our solutions were transferred to such asset management plans and then offered to investors. Such arrangement was one-off in nature, and we have ceased to use it in 2018. As a result, our payable to plan investors decreased from RMB394.0 million as of December 31, 2018 to nil as of December 31, 2019. The payable to plan investors as of September 30, 2020 related to the amounts payable to the investors of a portfolio where Go Asset Management was the investment manager, see Note 14 to the Accountants' Report included in Appendix I to this document for more information.

Payable to trust investors represents the amount payable by us to the investors in certain trust plans in connection with the financing transactions enabled by SME Credit Tech Solutions. For further details about such trust plans, see "— Assets — Financial Assets at Amortized Cost."

The increase in the current portion of other payables, accruals and other liabilities increased from RMB533.3 million as of December 31, 2018 to RMB1,058.4 million as of December 31, 2019, and further to RMB1,336.8 million as of September 30, 2020, which was primarily driven by the increases in payable to anchor enterprises, which, in turn, was primarily driven by the growth in the securitization transactions enabled by our Supply Chain Finance Technology Solutions during the same period.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated.

	For the year ended December 31,		For the nine months ended September 30,
	2018	2019	2020
Revenue and income growth			
Supply Chain Finance Technology Solutions	N/A	64.4%	53.8%
Emerging Solutions	N/A	483.2%	38.1%
Total revenue and income growth	N/A	82.8%	52.1%
Gross profit margin[(1)]	**50.6%**	**51.9%**	**58.7%**
Supply Chain Finance Technology Solutions	50.0%	47.0%	56.2%
Emerging Solutions	63.2%	81.8%	81.1%
Net profit margin[(2)]	**(368.5)%**	**(154.7)%**	**(53.5)%**
Non-IFRS adjusted net profit margin[(3)]	**(3.7)%**	**5.2%**	**16.0%**
Non-IFRS adjusted EBITDA margin[(4)]	**19.2%**	**26.2%**	**38.1%**

Notes:

(1) Gross profit margin equals gross profit divided by revenue and income from principal activities for the year/period.

(2) Net profit margin equals loss for the year/period divided by revenue and income from principal activities for the year/period.

(3) Non-IFRS adjusted net profit margin equals adjusted profit/(loss) for the year/period divided by revenue and income from principal activities for the year/period. For the reconciliation from adjusted profit/(loss) for the year/period as profit/(loss) for the year/period, see "— Non-IFRS Measures."

(4) Non-IFRS adjusted EBITDA margin equals adjusted EBITDA divided by revenue and income from principal activities for the year/period. For the reconciliation from adjusted EBITDA to profit from operation for the year/period, see "— Non-IFRS Measures."

See "— Discussion of Results of Operations" for a detailed discussion of our revenue and income growth and gross profit margin.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our investing activities. During the Track Record Period, we funded our working capital and other capital expenditure requirements through a combination of capital contributions by our shareholders and cash generated from our operating activities.

The following table sets forth a summary of our cash flows for the periods indicated.

	For the year ended December 31,		For the nine months ended September 30,
	2018	2019	2020
	(RMB in thousands)		
			(unaudited)
Net cash (used in)/generated from operating activities	(991,306)	201,823	(36,419)
Net cash used in investing activities	(122,694)	(94,182)	(82,902)
Net cash generated from/(used in) financing activities	1,607,878	(233,410)	(17,557)
Net increase/(decrease) in cash and cash equivalents	493,878	(125,769)	(136,878)
Cash and cash equivalents at the beginning of the year/period	20,808	519,043	390,027
Effects of exchange rate changes on cash and cash equivalents	4,357	(3,247)	3,499
Cash and cash equivalents at the end of the year/period	**519,043**	**390,027**	**256,648**

Net Cash Generated in Operating Activities

In the nine months ended September 30, 2020, our net cash used in operating activities amounted to RMB36.4 million. The difference between our net cash used in operating activities and our loss before tax primarily results from an increase in financial assets at amortized costs of RMB232.9 million and an increase in prepayments, other receivables and other assets of RMB301.1 million, partially offset by an increase in other payables, accruals and other liabilities of RMB250.5 million.

In 2019, our net cash generated from operating activities amounted to RMB201.8 million. The difference between our net cash generated from operating activities and our loss before tax primarily results from an increase in other payables, accruals and other liabilities of RMB545.1 million and a decrease in prepayments, other receivables and other assets of RMB252.3 million, partially offset by an increase in financial assets at fair value through profit or loss of RMB411.5 million.

In 2018, our net cash used in operating activities amounted to RMB991.3 million. The difference between our net cash used in operating activities and our loss before tax primarily results from a decrease in other payables, accruals and other liabilities of RMB2,725.7 million, an increase in financial assets at fair value through profit or loss of RMB925.5 million, partially offset by a decrease in prepayments, other receivables and other assets of RMB3,244.1 million.

Net Cash Used in Investing Activities

In the nine months ended September 30, 2020, our net cash used in investing activities was RMB82.9 million, consisting primarily of purchase of wealth management products of RMB68.2 million and purchases of property, plant and equipment, intangibles assets and other non-current assets of RMB44.7 million in order to support our continued business growth.

In 2019, our net cash used in investing activities was RMB94.2 million, consisting primarily of purchase of financial investments at fair value through profit and loss of RMB20.0 million and loan of RMB30.0 million to a non-controlling shareholder of Sinopharm Rosina, one of our associates, provided by us in 2019.

In 2018, our net cash used in investing activities was RMB122.7 million, consisting primarily of purchases of property, plant and equipment, intangibles assets and other non-current assets of RMB27.8 million in order to support our continued business growth, and payments for investment in Sinopharm Rosina, one of our associates, of RMB100.0 million.

Net Cash Generated from/Used in Financing Activities

In the nine months ended September 30, 2020, our net cash used in financing activities was RMB17.6 million, primarily attributable to repayments for related parties' borrowings of RMB300.0 million.

In 2019, our net cash used in financing activities was RMB233.4 million, primarily attributable to proceeds from issuance of convertible redeemable preferred shares of RMB369.6 million as part of our [**REDACTED**] Investments.

In 2018, our net cash generated from financing activities was RMB1,607.9 million, primarily attributable to proceeds from issuance of convertible redeemable preferred shares of RMB1,188.1 million as part of our [**REDACTED**] Investments, and proceeds from investors' borrowings of RMB344.5 million relating primarily to the shareholder loans that we borrowed from affiliates of Tencent and CITIC Capital, two of our major shareholders, in 2018. We have repaid substantially all of these loans in July 2020.

Working Capital

Our Directors are of the opinion, and the Joint Sponsors concur, that taking into account the financial resources presently available to us, including cash and cash equivalents, available bank facilities, the estimated net [**REDACTED**] from the [**REDACTED**] and the expected cash generated from operating activities, we have sufficient working capital for our present requirements and for the next 12 months from the date of this document.

CAPITAL EXPENDITURES

Our principal capital expenditures relate primarily to (i) property, plant and equipment, including leasehold improvements, computer and electric equipment, and office furniture and equipment; and (ii) intangible assets, such as software.

The following table sets forth our capital expenditures for the periods indicated.

	For the year ended December 31,		For the nine months ended September 30,
	2018	2019	2020
	(RMB in thousands)		
			(unaudited)
Property, plant and equipment	4,760	11,332	5,068
Intangible assets	23,069	49,780	39,674
Total	**27,829**	**61,112**	**44,742**

We expect to finance our capital expenditures through cash generated from operations, our existing bank borrowings and the net [**REDACTED**] from the [**REDACTED**].

Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, results of operations and financial condition, our business plans, market conditions and various other factors. See also "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]."

INDEBTEDNESS

Borrowings

For details of our borrowings, see "— Liabilities — Borrowings."

Preferred Shares

The Company has historically issued several series of redeemable convertible preferred shares, consisting of Series A, A+, B, C and C1 Preferred Shares, to investors. Upon the completion of the [**REDACTED**], all of such preferred shares will be automatically converted into ordinary shares. Additionally, the foregoing investors have the right to require the Company to redeem such preferred shares if the [**REDACTED**] is not consummated on or prior to a certain date or upon the occurrence of some specified events. For the identity and background of the foregoing [**REDACTED**], see "History, Reorganization and Corporate Structure — Reorganization."

If the Company were to be required to redeem all such preferred shares, the aggregate redemption price shall be the sum of the aggregate consideration for the issuance of such preferred shares, plus applicable interest accrued thereon and, in the case of Series C and C1 preferred shares, declared and unpaid dividends payable to the holders of such Series C and C1 preferred shares. For more information about the terms of such preferred shares, including their conversion and redemption features, see Note 25 to the Accountants' Report set out in Appendix I to this document. The aggregate consideration at which our Series A, A+, B, C and C1 Preferred Shares issued equals to RMB2,017 million. As of the Latest Practicable Date, we had a total 99,223,866 of outstanding Series A Preferred Shares, Series A+ Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series C1 Preferred Shares.

As of November 30, 2020, our cash and cash equivalents was RMB1,092.2 million. The redemption of the preferred shares, if triggered, could have a negative impact on our cash and liquidity position and financial condition. See "Risk Factors – Fair value changes in our financial instruments issued to [**REDACTED**] investors and related valuation uncertainty may materially affect our financial condition and results of operations."

Lease Liabilities

For details of our lease liabilities, see "— Liabilities — Lease Liabilities."

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2018 and 2019, September 30, 2020 and November 30, 2020.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank and other borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

Save as otherwise disclosed under sections headed "— Indebtedness" and "— Contractual Obligations," we did not have any outstanding loan, capital issued or agreed to be issued, debt securities, mortgages, charges, debentures, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase commitments or other contingent liabilities as of November 30, 2020, being the latest practicable date for our indebtedness statement.

CONTRACTUAL OBLIGATIONS

Capital Commitments

Our capital commitments are related to our equity investment in investees. We expect to satisfy our capital commitments using cash from operations, net [**REDACTED**] to be received from the [**REDACTED**] and bank borrowings available to us.

The following table below sets forth our capital commitments under non-cancellable contracts as of the dates indicated.

	As of December 31,		As of September 30,
	2018	2019	2020
	(RMB in thousands)		
			(unaudited)
Equity investment	–	–	2,000

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We consider the covered financing transactions (except those the financing of which was structured as certain trust plans consolidated into our financial statements) enabled by our Emerging Solutions to be off-balance sheet arrangements. For more information about covered financing transactions, see "Business – Our Solutions – Emerging Solutions." For more information about the foregoing trust plans, see "– Assets – Financial Assets at Amortized Cost." As of September 30, 2020, the aggregate outstanding principal amount of such covered financing transactions was RMB47.1 million.

Other than as disclosed above, as of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

RELATED PARTY TRANSACTIONS AND BALANCES

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 29 to the Accountants' Report included in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

We are exposed to a variety of market risks, including currency risk, interest rate risk, credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency 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. Our functional currency is U.S. Dollar. Our primary subsidiaries and other consolidated entities were incorporated or organized in the PRC and consider RMB as their functional currency. We operate mainly in the PRC with most of the transactions settled in RMB. The management considers that the business is not exposed to significant foreign exchange risk as we do not have significant financial assets or liabilities are denominated in the currencies other than the respective functional currencies of our subsidiaries and other consolidated entities.

We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise. For further details, including relevant sensitivity analysis, please see Note 30 to the Accountants' Report included in Appendix I to this document.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from bank loans. Borrowings issued at variable rates and fixed rates expose us to cash flow interest rate risk and fair value interest rate risk respectively.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to cash flow interest rate risk in relation to bank balances and variable-rate borrowings. We take on exposure to the effects of fluctuation in the prevailing market interest rates on the cash flow risks. We are also exposed to fair value interest rate risk in relation to fixed-rate supply assets and fixed-rate borrowings and lease liabilities. We do not have a fair value interest rate hedging policy as our Directors consider the effect is immaterial.

Management monitors the related interest exposure closely to ensure the interest rate risks are maintained at an acceptable level. The level of mismatch of interest rate repricing that may be undertaken is monitored closely.

Our exposures to interest rates on financial assets and liabilities are mainly concentrated on the fluctuation of the People's Bank of China rate arising from bank balances and bank borrowing in which the Directors consider the effect is immaterial.

For further details, please see Note 30 to the Accountants' Report included in Appendix I to this document.

Credit Risk

Credit risk is the risk of financial loss to us if the customer or partner of a financial instrument fails to meet its obligations, which arises principally from financial assets, provisions, trade receivables and other receivables. The maximum exposure to credit risks as of December 31, 2018 and 2019 and September 30, 2020 equals the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position.

We expect that there is no significant credit risks associated with cash deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. We have no significant concentration of credit risks associated with trade receivables since the exposure spread over a large number of good credit performance anchor enterprises in relation to the bridge loans in the securitization offerings enabled by our Supply Chain Finance Technology Solutions.

In addition, we may be faced with the credit risks associated with the self-funded financing transactions and covered financing transactions enabled by our Emerging Solutions. We use "M3+ overdue ratio to monitor the credit performance of such self-funded and covered financing transactions. Since the launch of our Cross-border Cloud, there has been no default or overdue payments on the financing transactions enabled by Cross-border Cloud (including those self-funded and covered ones). As of September 30, 2020, the M3+ overdue ratio of the self-funded and covered financing transactions enabled by our SME Credit Tech Solutions was 1.8%. The M3+ overdue ratio of the self-funded and covered financing transactions enabled by our SME Credit Tech Solutions as of a given date is calculated by dividing the balance of such financing transactions that are overdue from more than 90 calendar days by the outstanding balance of such financing transactions.

In order to minimize the credit risks, our management has designated a team responsible for determination of credit terms and other monitoring procedures to ensure that follow-up actions are taken to recover overdue financial assets. Our management also reviews the recoverability of each financial asset at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers that our credit risks are significantly reduced. For further details, see Note 30(a) to the Accountants' Report included in Appendix I to this document.

Liquidity Risk

We manage our liquidity risk by monitoring and maintaining a level of cash and cash equivalents and unused banking facilities deemed adequate by management to finance our operations and mitigate the effects of fluctuations in cash flows. For further details, please see Note 30 to the Accountants' Report included in Appendix I to this document.

DIVIDEND

As advised by our Cayman Islands legal advisor, under Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict our Company from declaring and paying dividends to our Shareholders out of either our profit or our share premium account, provided this would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board. No dividends have been paid or declared by our Company since its incorporation. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

DISTRIBUTABLE RESERVES

As of September 30, 2020, we did not have any distributable reserves.

[**REDACTED**] EXPENSES

Our [**REDACTED**] expenses mainly include [**REDACTED**] fees and commissions and professional fees paid to legal, accounting and other advisors for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**], of which an estimated amount of RMB[**REDACTED**] is expected to be expensed through the statement of profit or loss and the remaining amount of RMB [**REDACTED**] is expected to be recognized directly as a deduction from equity upon the [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since September 30, 2020, the end of the period reported on the Accountants' Report included in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See the section headed "Business — Our Growth Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

The table below sets forth the estimated net [**REDACTED**] of the [**REDACTED**] which we will receive after deduction of [**REDACTED**] fees and commissions and estimated expenses payable by us in connection with the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] stated in this document)	HK$[**REDACTED**]
Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the high end of the [**REDACTED**] stated in this document)	HK$[**REDACTED**]
Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the low end of the [**REDACTED**] stated in this document)	HK$[**REDACTED**]

We intend to use the net [**REDACTED**] we will receive from this [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be allocated to enhance our core technology capabilities and fundamental research and development, with detailed breakdown of the use of [**REDACTED**] to be allocated as below:
    - Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be used to improve our technology solutions and strengthen our software research and development capabilities.
        - Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be used to (i) enhance and upgrade the key capabilities and functionalities of our existing technology solutions to cater to the increasingly diversified customer needs, therefore allowing us to provide customers with one-stop, customized technology solutions; (ii) develop and offer new technology solutions designed to serve broader use cases in the supply chain finance process, such as financing based on commercial bills, as well as other related areas, including but not limited to logistics and supply chain management;
        - Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be used to (i) enhance our fundamental technology capabilities, such as our modularized capabilities, micro-services and programming platforms, allowing us to quickly respond to customer needs and lower our operational costs; (ii) optimize our key technologies capabilities to enhance our operation efficiency and user experience, including AI, blockchain, big data, cloud, as well as exploring the application of Internet of things (IoT) technology in the supply chain finance technology solutions; and (iii) attract and retain best-of-class technology talents, particularly AI scientists, technology architects, software development engineers, test engineers and product managers.

  - Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be used to enhance our technology infrastructure, including purchase of hardware, software copyrights or licenses to expand storage and computing capabilities, as well as IT operation management and maintenance to ensure the reliability and security of our service offerings. In particular, we will (i) invest in the development of our hardware infrastructures such as IT equipment, testing equipment, Internet data center and big-data cluster equipment. We also plan to develop our proprietary private cloud infrastructure in Wuhan, China to meet our business needs relating to data analytics, storage and backup; and (ii) purchase software license and operation equipment in our offices, such as computers and Internet equipment.

- Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be allocated to expand our cross-border operations.

  - Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be used to enhance and upgrade our Cross-border Cloud. In particular, we plan to (i) develop the proprietary data intelligence that connects overseas B2B platforms and various databases integrating logistics, customs, and other supply chain information. Leveraging deep domain expertise in supply chain data analytics, we plan to develop our Cross-border Cloud to serve more use cases in cross-border transactions and enhance the data analytics integrated with our Cross-border Cloud; and (ii) increase our business partnership with PRC governmental entities seeking to develop technology solutions to increase their management of cross-border transactions and reputable overseas technology service providers or platforms that serve cross-border transactions.

  - Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be used to enhance our market presence in PRC and overseas markets. Specifically, we plan to (i) strengthen our networks in China to promote our technology solutions to domestic anchor enterprises who participate in cross-border transactions, as well as their overseas suppliers; (ii) enhance coverage of overseas markets, such as Europe, the U.S. and Asia, and deepen cooperation with overseas B2B platforms and anchor enterprises to promote our cross-border solutions; (iii) build R&D teams located in overseas markets to enrich our cross-border offerings and serve international customers; and (iv) improve our influence in technology and finance markets worldwide through cooperation with local partners.

- Approximately [**REDACTED**]% or approximately HK$[**REDACTED**], will be allocated to enhance our capabilities with respect to sales and marketing, business development and brand building. We plan to (i) increase the size of our sales forces to enhance our customer coverage, diversify ourcustomer base and penetrate into more regions where we see significant unmet demandsfor our technology solutions; (ii) increase our market presence among anchor enterprises, financial institutions and other participants in the supply chain finance ecosystem through marketing strategies such as hosting professional forum or seminars; and (iii) provide more professional trainings to our sales forces to increase their capabilities to serve our customers, which also helps us enhance customer loyalty.

- Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] is expected to be used for future strategic investment and acquisitions opportunities. To strengthen our market position and implement our growth strategy, we plan to pursue acquisitions and strategic investment opportunities that can enrich our existing capabilities, enhance our core competitiveness and complement our international operations, including but not limited to (i) continued investment in and support of the digital wholesale bank business in Singapore to be launched with our strategic partners, (ii) establishing joint ventures with large-scale corporations across China, which allows us to quickly expand our business nationwide and (iii) investment in international technology platforms that we believe will complement our existing businesses technology platforms. We will continue to track potential acquisition or investment opportunities, and thoroughly assess synergies with our existing business in a prudent approach to make sure such acquisition or investments are beneficial to the long-term vitality of our business and operations; as of the Latest Practicable Date, with respect to the foregoing (ii) and (iii), we have not identified any specific target or entered into any agreements, commitments or understandings with respect to any of such transactions.

- Approximately [**REDACTED**]% or approximately HK$[**REDACTED**] is expected to be used for working capital and other general corporate purposes.

If the [**REDACTED**] is exercised in full, and net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share. In the event that the [**REDACTED**] is exercised in full, we intend to apply the additional net [**REDACTED**] to the above purpose in the proportions stated above on a pro rata basis.

To the extent that the net [**REDACTED**] are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, we intend to deposit the net [**REDACTED**] into short-term demand deposits and/or money market instruments with banks or financial institutions in Hong Kong or the PRC. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I – 1 to I – 88, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LINKLOGIS INC., GOLDMAN SACHS (ASIA) L.L.C. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Linklogis Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I – 4 to I – 88, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2018 and 2019, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2018 and 2019 (the "Relevant Periods"), 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 – 88 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 Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial

Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2018 and 2019 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of financial position of the Group as at 30 September 2020, the statement of financial position of the Company as at 30 September 2020 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the nine months ended 30 September 2019 and 2020 and other explanatory information (the "Interim Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I – 4 have been made.

Dividends

We refer to note 26(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its incorporation.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[**REDACTED**]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in RMB'000)

	Note	For the year ended 31 December		Nine months ended 30 September	
		2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Revenue and income from principal activities	4	382,733	699,593	531,055	807,662
Costs of principal activities		(189,207)	(336,621)	(247,157)	(333,345)
Gross profit		193,526	362,972	283,898	474,317
Research and development expenses		(41,293)	(59,876)	(46,119)	(79,174)
Sales and marketing expenses		(42,790)	(68,142)	(45,589)	(60,672)
Administrative expenses		(60,825)	(82,585)	(57,410)	(75,217)
Impairment loss	5(c)	(3,457)	(27,055)	(13,746)	(33,307)
Other net income	6	9,518	14,600	8,711	24,722
Profit from operation		54,679	139,914	129,745	250,669
Finance costs	5(a)	(75,176)	(108,297)	(96,597)	(120,466)
Share of profit/(loss) of associates		11	(5,358)	(1,582)	8,180
Fair value changes of financial liabilities measured at fair value through profit or loss	25	(1,396,180)	(1,108,072)	(399,595)	(534,560)
Loss before taxation		(1,416,666)	(1,081,813)	(368,029)	(396,177)
Income tax benefit/(expense)	7	6,361	(161)	(1,445)	(35,815)
Loss for the year/period		(1,410,305)	(1,081,974)	(369,474)	(431,992)
Attributable to:					
Equity shareholders of the Company		(1,410,305)	(1,081,638)	(369,477)	(433,091)
Non-controlling interests		–	(336)	3	1,099
Loss for the year/period		(1,410,305)	(1,081,974)	(369,474)	(431,992)
Other comprehensive income for the year/period (after tax)					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of operations outside the mainland China		(3,488)	16,983	20,746	(21,209)
Total comprehensive income for the year/period		(1,413,793)	(1,064,991)	(348,728)	(453,201)
Attributable to:					
Equity shareholders of the Company		(1,413,793)	(1,064,655)	(348,731)	(454,300)
Non-controlling interests		–	(336)	3	1,099
Total comprehensive income for the year/period		(1,413,793)	(1,064,991)	(348,728)	(453,201)
Basic/Diluted loss per share (RMB per share)	10	(45.71)	(35.06)	(11.98)	(14.04)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB'000)

	Note	As at 31 December		As at 30 September
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
				(unaudited)
Non-current assets				
Property, plant and equipment	*11*	5,073	12,335	13,230
Right-of-use assets	*12*	18,179	8,862	52,135
Intangible assets	*13*	26,742	65,081	88,276
Interests in associates	*14*	100,011	94,653	109,961
Financial assets at fair value through profit or loss	*15*	–	20,849	–
Prepayments, other receivables and other assets	*18*	986	32,363	38,104
Deferred tax assets	*24*	32,705	47,907	73,343
		183,696	282,050	375,049
Current assets				
Financial assets at fair value through profit or loss	*15*	925,857	1,337,279	1,444,117
Trade receivables	*16*	56,051	152,761	248,856
Financial assets at amortised cost	*17*	680,677	856,688	1,056,934
Prepayments, other receivables and other assets	*18*	709,064	473,954	395,618
Restricted cash	*19*	54,116	278,893	391,742
Cash and cash equivalents	*20*	519,043	390,027	256,648
		2,944,808	3,489,602	3,793,915
Current liabilities				
Trade payables	*21*	28,830	55,129	168,966
Contract liabilities		–	15	540
Borrowings	*22*	476,502	430,392	255,187
Income tax payables	*24*	14,211	7,620	45,335
Lease liabilities	*12*	12,593	8,110	11,513
Other payables, accruals and other liabilities	*23*	533,308	1,058,409	1,336,847
Provisions		–	–	486
Financial liabilities measured at fair value through profit or loss	*25*	3,288,498	4,778,804	5,313,364
		4,353,942	6,338,479	7,132,238
Net current liabilities		(1,409,134)	(2,848,877)	(3,338,323)
Total assets less current liabilities		(1,225,438)	(2,566,827)	(2,963,274)

The accompanying notes form part of the Historical Financial Information.

	Note	As at 31 December		As at 30 September
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
				(unaudited)
Non-current liabilities				
Borrowings	*22*	310,003	22,692	13,241
Lease liabilities	*12*	5,592	503	39,638
Other payables, accruals and other liabilities	*23*	–	421	506
		315,595	23,616	53,385
Net liabilities		(1,541,033)	(2,590,443)	(3,016,659)
Equity				
Share capital	*26(a)*	30	30	30
Reserves	*26(b)*	(1,541,063)	(2,595,311)	(3,022,626)
Total deficit attributable to equity shareholders of the Company		(1,541,033)	(2,595,281)	(3,022,596)
Non-controlling interest		–	4,838	5,937
Total deficit		(1,541,033)	(2,590,443)	(3,016,659)

The accompanying notes form part of the Historical Financial Information.

STATEMENT OF FINANCIAL POSITION

(Expressed in RMB'000)

	Notes	As at 31 December		As at 30 September
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
				(unaudited)
Non-current assets				
Investment in subsidiaries	*32(a)*	–	10,407	37,392
Prepayments, other receivables and other assets	*32(b)*	1,461,673	1,812,053	1,962,239
		1,461,673	1,822,460	1,999,631
Current assets				
Restricted cash	*32(c)*	–	140,222	–
Cash and cash equivalent	*32(d)*	125,843	37,665	8,566
		125,843	177,887	8,566
Current liabilities				
Other payables		–	2,350	6
Financial liabilities measured at fair value through profit or loss	*25*	3,288,498	4,778,804	5,313,364
		3,288,498	4,781,154	5,313,370
Net current liabilities		(3,162,655)	(4,603,267)	(5,304,804)
Total assets less current liabilities		(1,700,982)	(2,780,807)	(3,305,173)
Net liabilities		(1,700,982)	(2,780,807)	(3,305,173)
Equity				
Share capital	*26(a)*	30	30	30
Reserves	*26(c)*	(1,701,012)	(2,780,837)	(3,305,203)
Total Deficit		(1,700,982)	(2,780,807)	(3,305,173)

The accompanying notes form part of the Historical Financial Information.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in RMB'000)

		Attributable to equity shareholders of the Company								
	Note	Share capital	Treasury share reserve	Capital reserve	General reserve	Foreign exchange reserve	Accumulated loss	Total	Non-controlling interests	Total deficit
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		26(a)	*26(b)(iv)*	*26(b)(i)*	*26(b)(ii)*	*26(b)(iii)*				
Balance at 1 January 2018		8,000	–	–	–	–	(127,261)	(119,261)	–	(119,261)
Loss for the year		–	–	–	–	–	(1,410,305)	(1,410,305)	–	(1,410,305)
Other comprehensive income for the year		–	–	–	–	(3,488)	–	(3,488)	–	(3,488)
Total comprehensive income for the year		–	–	–	–	(3,488)	(1,410,305)	(1,413,793)	–	(1,413,793)
Arising from Reorganisation	*26(b)*	(8,000)	–	–	–	–	–	(8,000)	–	(8,000)
Issuance of ordinary shares		30	–	–	–	–	–	30	–	30
Consolidation of special purpose vehicles for employee share option schemes ("ESOP")		–	(9)	–	–	–	–	(9)	–	(9)
Balance at 31 December 2018		30	(9)	–	–	(3,488)	(1,537,566)	(1,541,033)	–	(1,541,033)

		Attributable to equity shareholders of the Company								
		Share capital	Treasury share reserve	Capital reserve	General reserve	Foreign exchange reserve	Accumulated loss	Total	Non-controlling interests	Total deficit
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		26(a)	*26(b)(iv)*	*26(b)(i)*	*26(b)(ii)*	*26(b)(iii)*				
Balance at 1 January 2019		30	(9)	–	–	(3,488)	(1,537,566)	(1,541,033)	–	(1,541,033)
Loss for the year		–	–	–	–	–	(1,081,638)	(1,081,638)	(336)	(1,081,974)
Other comprehensive income for the year		–	–	–	–	16,983	–	16,983	–	16,983
Total comprehensive income for the year		–	–	–	–	16,983	(1,081,638)	(1,064,655)	(336)	(1,064,991)
Capital injections from non-controlling interest		–	–	–	–	–	–	–	5,174	5,174
Share-based compensation	*5(b)*	–	–	10,407	–	–	–	10,407	–	10,407
General reserve		–	–	–	41,257	–	(41,257)	–	–	–
Balance at 31 December 2019		30	(9)	10,407	41,257	13,495	(2,660,461)	(2,595,281)	4,838	(2,590,443)

		Attributable to equity shareholders of the Company (unaudited)								
		Share capital	Treasury share reserve	Capital reserve	General reserve	Foreign exchange reserve	Accumulated loss	Total	Non-controlling interests	Total deficit
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note	*26(a)*	*26(b)(iv)*	*26(b)(i)*	*26(b)(ii)*	*26(b)(iii)*				
Balance at 1 January 2019		30	(9)	–	–	(3,488)	(1,537,566)	(1,541,033)	–	(1,541,033)
Loss for the period		–	–	–	–	–	(369,477)	(369,477)	3	(369,474)
Other comprehensive income for the period		–	–	–	–	20,746	–	20,746	–	20,746
Total comprehensive income for the period		–	–	–	–	20,746	(369,477)	(348,731)	3	(348,728)
Capital injections from non-controlling interest		–	–	–	–	–	–	–	5,174	5,174
Share-based compensation	*5(b)*	–	–	6,514	–	–	–	6,514	–	6,514
Balance at 30 September 2019		30	(9)	6,514	–	17,258	(1,907,043)	(1,883,250)	5,177	(1,878,073)

The accompanying notes form part of the Historical Financial Information

		Attributable to equity shareholders of the Company (unaudited)								
		Share capital	Treasury share reserve	Capital reserve	General reserve	Foreign exchange reserve	Accumulated loss	Total	Non-controlling interests	Total deficit
	Note	*RMB'000* *26(a)*	*RMB'000* *26(b)(iv)*	*RMB'000* *26(b)(i)*	*RMB'000* *26(b)(ii)*	*RMB'000* *26(b)(iii)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2020		30	(9)	10,407	41,257	13,495	(2,660,461)	(2,595,281)	4,838	(2,590,443)
(Loss)/profit for the period		–	–	–	–	–	(433,091)	(433,091)	1,099	(431,992)
Other comprehensive income for the period		–	–		–	(21,209)	–	(21,209)	–	(21,209)
Total comprehensive income for the period		–	–	–	–	(21,209)	(433,091)	(454,300)	1,099	(453,201)
General reserve		–	–	–	(5,785)	–	5,785	–	–	–
Share-based compensation	*5(b)*	–	–	26,985	–	–	–	26,985	–	26,985
Balance at 30 September 2020		30	(9)	37,392	35,472	(7,714)	(3,087,767)	(3,022,596)	5,937	(3,016,659)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB'000)

	Note	For the year ended 31 December		Nine months ended 30 September	
		2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Operating activities					
Cash (used in)/generated from operations	*20(b)*	(986,648)	223,777	690,371	(12,882)
Income tax paid		(4,658)	(21,954)	(20,095)	(23,537)
Net cash (used in)/generated from operating activities		(991,306)	201,823	670,276	(36,419)
Investing activities					
Proceeds from sales of property, plant and equipment, intangible assets and other non-current assets		85	11	–	–
Proceeds from sales of financial assets at fair value through profit or loss		–	100	100	20,000
Purchase of financial investments at fair value through profit and loss		(100)	(20,000)	(20,000)	(68,166)
Purchase of property, plant and equipment, intangibles assets and other non-current assets		(27,829)	(61,112)	(40,755)	(44,742)
Payments for interests in associates		(100,000)	–	–	(7,128)
Loan to non-controlling shareholder of an associate		–	(30,000)	(30,000)	–
Proceeds from investment income		5,150	16,819	11,123	17,134
Net cash used in investing activities		(122,694)	(94,182)	(79,532)	(82,902)

The accompanying notes form part of the Historical Financial Information.

	Note	For the year ended 31 December		Nine months ended 30 September	
		2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Cash flows from financing activities					
Increase in restricted cash		–	(140,221)	–	(84,518)
Proceeds from issuance of convertible redeemable preferred shares		1,188,074	369,637	369,637	382,234
Proceeds of capital injection from non-controlling interests		–	5,174	5,174	–
Net proceeds/(repayments) of bank and other financial institution borrowings		204,951	(284,876)	(299,355)	116,802
Proceeds from investors' borrowings		344,509	19,903	19,903	–
Repayments for investors' borrowings		(50,000)	(84,509)	(34,509)	(300,000)
Interest paid		(72,775)	(106,191)	(97,671)	(121,608)
Capital element of lease rental paid		(6,368)	(11,679)	(12,851)	(10,151)
Interest element of lease rental paid		(513)	(648)	(534)	(316)
Net cash generated from/(used in) financing activities		1,607,878	(233,410)	(50,206)	(17,557)
Net increase/(decrease) in cash and cash equivalents		493,878	(125,769)	540,538	(136,878)
Cash and cash equivalents at the beginning of the year/period		20,808	519,043	519,043	390,027
Effects of exchange rate changes on cash and cash equivalents		4,357	(3,247)	(3,430)	3,499
Cash and cash equivalents at end of the year/period	*20(a)*	519,043	390,027	1,056,151	256,648

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB'000 unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Linklogis Inc. (the "Company", formerly known as Linklogis Financial Holdings Inc.) was incorporated in Cayman Islands on 13 March 2018 as an exempted company with limited liability under the Companies Act (as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in providing supply-chain finance technology solutions and innovative data-driven emerging solutions in the People's Republic of China (the "PRC") (the "Core Business") and overseas countries and region.

Prior to the incorporation of the Company, the above mentioned principal activities were carried out by Linklogis Digital Technology Group Co., Ltd. ("Linklogis Digital", formerly known as Shenzhen Qianhai Linklogis Financial Services Co., Ltd.) and its subsidiaries (collectively, the "PRC Operating Entities"). As part of the group reorganisation ("Reorganisation"), as detailed in the section headed "History, Reorganisation and Corporate Structure" of the Document, the Company, through its indirectly wholly owned subsidiary, obtained control of the PRC Operating Entities and continued to obtain the economic benefits from the Core Business through certain contratual arrangement.

On 9 October 2018, Linklogis Supply Chain Service (Shenzhen) Co., Ltd. ("LLS Supply Chain"), an indirectly wholly owned subsidiary of the Company, entered into the contractual arrangements (the "Contractual Arrangements") with Linklogis Digital and its respective registered shareholders. The details of Contractual Arrangements are set up under the section headed "Contractual Arrangements" of the Document. The Contractual Arrangements, taken as a whole, enable LLS Supply Chain to have effective control over the operating and financial policies of the PRC Operating Entities. The directors of the Company are of the view that, notwithstanding the lack of equity ownership, the Contractual Arrangements effectively provide LLS Supply Chain the power to govern and control the PRC Operating Entities so as to obtain benefits from their business activities. Accordingly, the PRC Operating Entities are included in the Group's Historical Financial Information as controlled subsidiaries.

Upon completion of the Reorganisation on 9 October 2018, the Company became the holding company of the subsidiaries now comprising the Group.

The Reorganisation principally involved inserting several newly formed entities with no substantive operations as the new holding companies of the PRC Operating Entities. There were no changes in the economic substance of the ownership and the business of the Group before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the financial information of the Core Business with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Relevant Periods as set out in this report include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence and unchanged throughout the Relevant Periods, (or where the companies were incorporated/established at a date later than 1 January 2018, for the period from the date of incorporation/establishment to 30 September 2020). The consolidated statements of financial position of the Group as at 31 December 2018, 2019 and 30 September 2020 as set out in this report have been prepared to present the financial position of the companies now comprising the Group as of those dates as if the current group structure had been in existence as of the respective dates taking into account the respective dates of incorporation/establishment, where applicable.

Carltonvic Company Limited ("Carltonvic") was incorporated in Hong Kong on 3 March 2014 as a vehicle to hold the ordinary shares for the Company's employees under Equity Incentive Plan which was adopted in 2019 ("Equity Incentive Plan").

As the Company has power to govern the relevant activities of Carltonvic and can derive benefits from the contributions of the eligible employees who are awarded with the shares under the Equity Incentive Plan, the directors of the Company consider that it is appropriate to consolidate Carltonvic. No statutory financial statements has been prepared by Carltonvic in the Relevant Periods.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies. The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The subsidiaries established in the PRC are of limited liability.

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities	Name of statutory auditor
			Held by the Company	Held by the subsidiary		
Directly held						
Linklogis Hong Kong Limited ("Linklogis Hong Kong")	06/04/2018 Hong Kong	Issued and paid-up: HKD1	100%	–	Investment holding	AOB CPA & Co.
Indirectly held						
Linklogis Supply Chain Services (Shenzhen) Co., Ltd.* 聯易融供應鏈服務(深圳)有限公司 ("Linklogis Supply Chain Services")	24/07/2018 Shenzhen	Issued: USD200,000,000 Paid-up: nil	–	100%	Supply chain finance	n/a
Linklogis International Company Limited ("Linklogis International")	07/03/2019 Hong Kong	Issued and paid-up USD9,250,000	–	85%	Supply chain finance	PricewaterhouseCoopers
Linklogis International Supply Chain (Shenzhen) Co., Ltd.* 聯易融國際供應鏈(深圳)有限公司 ("Linklogis International Shenzhen")	26/07/2019 Shenzhen	Issued: USD5,000,000 Paid-up: USD499,995	–	85%	Supply chain finance	Shenzhen Hecheng Certified Public Accountants (General Partnership) 深圳和誠會計師事務所(普通合夥)
Lianyisheng Supply Chain Services (Wuhan) Co., Ltd.* 聯易盛供應鏈服務(武漢)有限公司 ("Wuhan Lianyisheng")	25/12/2019 Wuhan	Issued: USD50,000,000 Paid-up: USD10,000,494	–	100%	Supply chain finance	n/a
Held through Contractual Arrangement						
Linklogis Digital Technology Group Co., Ltd. ("Linklogis Digital")	05/02/2016 Shenzhen	Issued and paid-up: RMB235,655,390	–	100%	Information technology service	PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch 普華永道中天會計師事務所 (特殊普通合夥) 深圳分所

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities	Name of statutory auditor
			Held by the Company	Held by the subsidiary		
Shenzhen Qianhai Huanrong Lianyi Commercial Factoring Co., Ltd. * (深圳前海環融聯易商業保理有限公司)	06/05/2016 Shenzhen	Issued and paid-up: RMB150,000,000	–	100%	Supply chain finance	2018: Shenzhen Zhongzheng Yinhe Certified Public Accountants (Special General Partnership) 深圳中正銀合會計師事務所(普通合夥) 2019: Gongzheng Tianye Certified Public Accountants (Special General Partnership) Shenzhen Branch 公證天業會計師事務所 (特殊普通合夥) 深圳分所
Shenzhen Qianhai Linklogis Commercial Factoring Co., Ltd* (深圳前海聯易融商業保理有限公司)	12/05/2016 Shenzhen	Issued and paid-up: RMB300,000,000	–	100%	Supply chain finance	PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch 普華永道中天會計師事務所 (特殊普通合夥) 深圳分所
Shenzhen Qianhai Huanrong Lianyi Information Technology Services Co., Ltd.* (深圳前海環融聯易信息科技服務有限公司)	25/07/2016 Shenzhen	Issued RMB300,000,000 Paid-up: RMB50,000,000	–	100%	Information technology service	2018: Shenzhen Zhongzheng Yinhe Certified Public Accountants (Special General Partnership) 深圳中正銀合會計師事務所(普通合夥) 2019: WONGGA Partners Certified Public Accountants (SZ) 深圳皇嘉會計師事務所(有限合夥)
Shenzhen Qianhai Yida Commercial Factoring Co., Ltd.* (深圳前海易達商業保理有限公司)	30/08/2016 Shenzhen	Issued: RMB10,000,000 Paid-up: RMB5,000,000	–	100%	Supply chain finance	2018: Shenzhen Zhongzheng Yinhe Certified Public Accountants (Special General Partnership) 深圳中正銀合會計師事務所(普通合夥) 2019: WONGGA Partners Certified Public Accountants (SZ) 深圳皇嘉會計師事務所(有限合夥)
Shenzhen Qianhai Rongda Commercial Factoring Co., Ltd.* (深圳前海融達商業保理有限公司)	30/08/2016 Shenzhen	Issued and paid up: RMB300,000,000	–	100%	Supply chain finance	2018: Shenzhen Zhongzheng Yinhe Certified Public Accountants (Special General Partnership) 深圳中正銀合會計師事務所(普通合夥) 2019: WONGGA Partners Certified Public Accountants (SZ) 深圳皇嘉會計師事務所(有限合夥)

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities	Name of statutory auditor
			Held by the Company	Held by the subsidiary		
Shenzhen Qianhai Lianda Commercial Factoring Co., Ltd.* (深圳前海聯達商業保理有限公司)	19/09/2016 Shenzhen	Issued: RMB10,000,000 Paid-up: RMB5,000,000	–	100%	Supply chain finance	2018: Shenzhen Zhongzheng Yinhe Certified Public Accountants (General Partnership) 深圳中正銀合會計師事務所(普通合夥) 2019: WONGGA Partners Certified Public Accountants (SZ) 深圳皇嘉會計師事務所(有限合夥)
Shenzhen Qianhai Lianjie Commercial Factoring Co., Ltd.* (深圳前海聯捷商業保理有限公司)	24/11/2016 Shenzhen	Issued and paid-up: RMB550,000,000	–	100%	Supply chain finance	PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch 普華永道中天會計師事務所(特殊普通合夥)深圳分所
Wuhan Linklogis Technology Information Co., Ltd.* (武漢聯易融科技信息有限公司)	28/08/2019 Wuhan	Issued: RMB10,000,000 Paid-up: nil	–	100%	Information technology service	WONGGA Partners Certified Public Accountants (SZ) 深圳皇嘉會計師事務所(有限合夥)
Shenzhen Yirui Investment Development Co., Ltd.* (深圳易睿投資發展有限公司)	26/11/2019 Shenzhen	Issued and paid up: RMB10,000,000	–	100%	Investment management	Gongzheng Tianye Certified Public Accountants (Special General Partnership) Shenzhen Branch 公證天業會計師事務所(特殊普通合夥)深圳分所

* The official names of these entities are in Chinese. The English names are for identification purpose only.

All companies comprising the Group have adopted 31 December as their financial year end date.

As at the date of this report, no audited financial statements have been prepared by the Company and Linklogis WOFE, Wuhan Lianyisheng and Linklogis International Shenzhen, as they either are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation or have not carried on any business since the date of incorporation. The financial statements of the subsidaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). Further details of the significant accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRSs, including IFRS 16, *Leases*, consistently throughout the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for Relevant Periods are set out in Note 33.

The adoption of IFRS 16 does not have significant impact on the Group's net assets/(liabilities) and financial performance throughout the Relevant Periods when compared to those that would have been presented under IAS 17, Leases.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that during the Relevant Periods, total liabilities exceeds the total assets by approximately RMB1,541 million, RMB2,590 million and RMB3,017 million (unaudited) as at 31 December 2018 and 2019 and 30 September 2020, respectively, and total current liabilities exceed the total current assets by approximately RMB1,409 million, RMB2,849 million and RMB3,338 million (unaudited) as at 31 December 2018 and 2019 and 30 September 2020, respectively.

As at 31 December 2018 and 2019 and 30 September 2020, the Group recorded a financial liability resulting from redeemable convertible preferred shares and certain ordinary shares with preferential rights amounting to RMB3,288 million, RMB4,779 million and RMB5,313 million (unaudited) respectively. The Directors and management of the Company have considered that the preferential rights of these financial instruments would be terminated upon [**REDACTED**] and the preferred shares would be converted into equity, resulting in the change from a net current liability position to a net current asset position for each year/period end date during the Relevant Periods. Accordingly, the directors and management of the Company are of the opinion that it is appropriate for the Historical Financial Information to be prepared on a going concern basis.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Interim Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

The measurement basis used in the preparation of the Historical financial information is the historical cost basis, except for certain financial assets and liabilities measured at fair value through profit or loss as explained in Note 2(h) and Note 2(o).

The Historical Financial Information is presented in Renminbi ("RMB"), which is the functional currency of the Group's subsidiaries established in the mainland China. The Group translates the financial statements of the Company and the Company's subsidiaries outside the mainland China from foreign currencies into RMB.

(b) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Group has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same Relevant Periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(iii)).

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(i)(iii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate (after applying the expected credit losses (ECL) model to such other long-term interests where applicable (see Note 2(i)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial assets.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(iii)):

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Leasehold improvements	Over the shorter of their useful lives and the remaining lease terms
– Computer and electric equipment	3 years
– Office furniture and equipment	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)(iii)).

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The estimated useful life for the Group's self-developed platforms and software is 5 years.

(g) Leased assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

COVID-19-related rent concessions

The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRSs 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Group's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement and gains and losses

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL (please see Note 2(o) for details). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

– the contractual rights to the cash flows from the financial asset expire; or

– it transfers the rights to receive the contractual cash flows in a transaction in which either:

  – substantially all of the risks and rewards of ownership of the financial asset are transferred; or

  – the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(i) Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on

– trade and other receivables; and

– financial assets measured at amortised cost.

Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs (i.e. the simplified model). ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the debtor;

– a breach of contract such as a default or being more than 90 days past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties.

Basis of calculation of interest income

Interest income recognised is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when the financial asset is 270 days past due based on historical experience of recoveries of similar assets. The Group also individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Financial guarantee

Financial guarantee are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee issued are initially recognised as a liability at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantee not been available, where reliable estimates of such information can be made. Where consideration is received for receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of assets. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(i)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rated adjusted for risk specific to the cash flows.

(iii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(t)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(i)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(i)(i).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Borrowing costs are expensed in the period in which they are incurred.

(o) Financial liabilities measured at fair value through profit or loss ("Financial liabilities at FVTPL")

The Company issued several series of redeemable convertible preferred shares and convertible loans to investors. The instrument holders have the right to require the Company to redeem all of the instruments held by the instrument holders at a predetermined amount upon certain redemption events, which are not all within the control of the Company. Among the ordinary shares issued by the Company, shareholders of Class A+ Ordinary Shares and Class B Ordinary Shares are entitled to a preference amount prior to other ordinary shareholders in the distribution of the Company's net assets upon a deemed liquidation event, which are also not all within the control of the Company. Upon the completion of the [**REDACTED**], all the redeemable convertible preferred shares will be automatically converted into ordinary shares, and the preferential right of Class A+ and Class B ordinary shares will be terminated.

The Company's contractual obligation to deliver cash or other financial assets to the holder of such instruments upon events that are beyond the control of the Company gives rise to a financial liability, and is designated as financial liabilities measured at fair value through profit or loss at initial recognition. Any transaction costs and subsequent changes in fair value are recognised in the profit or loss section in the consolidated financial statements. If the preferred shares are converted into ordinary shares and the preferential right of ordinary shareholders is terminated, the carrying amount of the financial liabilities at that time will be transferred to equity.

(p) Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans:

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the PRC local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

(q) Share-based compensation

A share-based compensation is classified as either an equity-settled share-based compensation or a cash-settled share-based compensation. The term "equity-settled share-based compensation" refers to a transaction in which the Group grants shares or other equity instruments as a consideration in return for services rendered or a transaction in which the Group has no obligation to settle the share-based compensation or the awards granted are self-owned equity instruments of its' shareholder.

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the binomial option-pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital and share premium for the shares issued) or the option expires (when it is released directly to retained profits).

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue recognition

The Group recognises revenue when the Group satisfies a performance obligation by transferring a promised service to a customer. Control of the service refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the service. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time. Control of the services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services. The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

If a contract involves multiple performance obligation, the transaction price will be allocated to each performance obligation based on its relative standalone selling price. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Contract assets and contract liabilities

The Group presents contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and customer's payment in the statement of financial position. The Group offsets the contract assets and contract liabilities under the same contract and presents the net amount.

A contract asset is the right to consideration in exchange for services transferred to the customer that the Group has transferred to a customer when that right is conditioned on something other than the passage of time.

A contract liability is the Group's obligation to transfer services to a customer for which the entity has received consideration (or the amount is due) from the customer, such as prepayment from a customer before the Group transfer services for its performance obligation.

Principal versus agent considerations

The Group determines whether it is a principal or an agent for each specified service promised to the customer based on whether it controls the specified service before that service is transferred to a customer. The Group is a principal if it controls the specified service before that service is transferred to a customer, it recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified service transferred; or the Group is an agent and it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified services to be provided by the other party.

Variable consideration

The amount of consideration agreed in the contract between the Group and the customers may vary due to rebates, incentives and other factors. The Group determines the best estimate of variable consideration using the expected value or the most likely amount. However, the transaction price including variable consideration does not exceed the amount only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Contract modifications

When a modification is incurred in the service contract between the Group and the customer:

(1) The Group accounts for a contract modification as a separate contract if the addition of services and the price are distinct and the increased price of the contract reflects the standalone selling prices of the additional service;

(2) The Group accounts for the contract modification as if it were a termination of the existing contract and by combining the unsatisfied and modified portion of the contract as a new contract, if the contract modification does not meet (1) described above and the remaining services are distinct from the services transferred on or before the date of the contract modification;

(3) The Group accounts for the contract modification as if it were a part of the existing contract. The effect on recognised revenue is recognised as an adjustment to revenue at the date of the contract modification if the contract modification does not meet (1) described above and the remaining services are not distinct from the services transferred at the date of the contract modification.

The accounting policy for the Group's principal revenue and income sources is set out below:

(1) Revenue and income from Supply Chain Finance Technology Solutions

The Group's Supply Chain Finance Technology Solutions consist of Anchor Cloud and Financial Institution Cloud ("FI Cloud"). Through Anchor Cloud, the Group enable anchor enterprises to achieve digital transformation for supply chain management and optimize payment cycle for parties along the supply chain. Through FI Cloud, the Group help financial institutions digitalize, automate and streamline their supply chain financing service. Transaction prices are agreed in the contracts. Fees for transactions enabled by the Supply Chain Finance Technology Solutions are usually charged based on the amount of such transactions that they enable and contractually agreed rates expressed as a percentage of the volume of the supply chain assets processed. If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

In connection with the securitisation transactions enabled by our Supply Chain Finance Technology Solutions, the Group also engage in the acquisition of underlying supply chain assets from the suppliers due from anchor enterprises and the transfer of such assets to special purpose vehicles formed specifically for such securitisation transactions. These supply chain assets are measured according to accounting policies for financial instruments and relevant profit or loss, as disclosed in Note 2(h), which are presented in revenue and income from principal activities.

(2) Revenue and income from Emerging Solutions

The Group's Emerging Solutions consist of Cross-border Cloud and Small and medium-sized enterprises ("SME") Credit Tech Solutions. Through Cross-border Cloud, the Group provide a suite of intelligent solutions that help anchor enterprises and financial institutions facilitate supply chain finance and payment for corporates engaged in cross-border trade activities. SME Credit Tech Solutions are comprised of a suite of data-driven credit analytics solutions that help financial institutions provide financing for anchor enterprises' SME suppliers and distributor. In these circumstances where the financing transactions are funded by financial institutions, the Group generate revenues by charging service fees pursuant to agreements between the Group and the financial institutions where the fees are usually expressed as a percentage of the volume of supply chain assets processed (in the case of Cross-border Cloud) or as a percentage of the amount of financing extended by the financing institutions (in the case of SME Credit Tech Solutions). If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the service.

The Group also use own capital to fund certain of the financing transactions enabled by Emerging Solutions, in which case the Group generate revenues from the interest income earned on these transactions.

(u) Share capital

Ordinary shares are classified as equity, except for those with preferential rights which are classified as financial liabilities measured at fair value through profit or loss. Convertible redeemable preferred shares are classified as financial liabilities measured at fair value through profit or loss. See note 2(o) for the accounting policy on financial liabilities measured at fair value through profit or loss.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the equity shareholders of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the equity shareholders of the Company.

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense. When the grant is received before the asset is recognised, the grant will be shown as deferred income firstly, and deducted from the related asset after the asset is built or acquired.

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(x) Related parties

(1) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(2) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (x)(1).

(vii) A person identified in (x)(1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing these financial statements. The principal accounting policies are set forth in Note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Historical Financial Information.

(a) Transfer of financial assets

In its normal course of business, the Group transfers its financial assets through various types of transactions including transfers, securitisation and regular way sales. The Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial derecognition.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the derecognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualifies for the "pass through" of those cash flows to independent third parties.

- the extent to which the associated risks and rewards of ownership of the financial assets are transferred. Significant judgment is applied in the Group's estimation with regard to the cash flows before and after the transfers and other factors that affect the outcomes of the Group's assessment on the extent that risks and rewards are transferred.

When carrying out its asset-backed securitisation transaction and supply chain asset transfer transactions, the subsidiaries of the Group need to make significant judgment on the extension of transfer of the risks and returns of the ownership of the financial assets. The judgment will have impact on whether the relevant transaction meets the conditions of the transfer of the financial assets and their subsequent measurement.

(b) Fair value measurement of financial instruments using valuation techniques

The fair value of financial instruments that are not traded in an active market, such as unlisted equity investment measured at fair value, supply chain assets held for sales, asset-backed securities measured at fair value and financial liability measured at fair value through profit or loss, are determined using valuation techniques. The valuation techniques include discounted cash flow model, market comparable model, adjusted recent transaction price and so on.

When using valuation techniques to determine the fair value of financial instruments, the Group selects inputs that are consistent with the characteristics of the assets or liabilities considered by market participants in the transactions of related assets or liabilities, uses the relevant observable inputs as much as possible, including market interest rate, stock price, etc., and uses unobservable input value if the relevant observable inputs cannot be obtained or are not feasible, such as estimation of credit risk, market volatility, liquidity adjustments, the possibilities of [**REDACTED**] and other scenarios etc. The use of different valuation techniques or inputs may result in significant differences in fair value estimate. The fair value generated by valuation technique is also verified with transactions of same or similar financial instruments in observable markets according to market practice.

(c) Consolidation of structured entities

Where the Group acts as asset service agency of or investor in structured entities, the Group makes significant judgement on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to direct investment income or loss and service fees earned as the asset service agency, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

(d) Impairment of financial instruments

The Group uses the ECLs model to assess the impairment of financial instruments. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgments and estimates, the Group estimates the expected changes in the debtor's credit risk based on historical repayment data combined with macroeconomic indicators and other factors.

(e) Share-based compensation

The fair value of share options granted are measured on the respective grant dates based on the fair value of the underlying shares. The Group has used Binomial option-pricing model to determine the fair value of the share options as at the grant date. In addition, the Group is required to estimate the expected percentage of grantees that will remain in employment with the Group or, where applicable, if the performance conditions for vesting will be met at the end of the vesting period. The Group only recognises an expense for those share options expected to vest over the vesting period during which the grantees become unconditionally entitled to these share-based awards. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the share options and the amount of such share-based awards expected to become vested, which may in turn significantly impact the determination of the share-based compensation expenses.

(f) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(g) Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in Note 2(f) to the Historical Financial Information. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At the end of each year/period of the Relevant Periods, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

(h) Revenue recognition

The Group's contracts with customers usually includes multiple promises. In determining the amount and timing of revenue recognition, revenue recognition process as described in Note 2(t) is used, which requires judgment and estimates. These judgments and estimates include determining whether the performance obligations are distinct and determining the standalone selling price for each distinct performance obligation. For the contract of the securitization transactions with anchor enterprises, the Group concludes that the contract includes a combined performance obligation of various services rendered in arranging the securitization and another performance obligation of asset management service for the resulting asset-backed structures. In instances where the standalone selling price for a performance obligation is not directly observable, such as when we do not sell service separately, the Group determines the standalone selling price using information that may include market and other observable inputs.

4 REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING

(a) Revenue and income

The principal activities of the Group are providing supply-chain finance technology solutions and innovative data-driven emerging solutions.

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Revenue and income from				
Supply Chain Finance Technology Solutions				
– Anchor Cloud	89,068	288,407	245,726	391,454
– FI Cloud	276,879	313,292	226,891	335,502
	365,947	601,699	472,617	726,956
Emerging Solutions				
– Cross-border Cloud	–	2,153	228	15,399
– SME Credit Tech Solutions	16,786	95,741	58,210	65,307
	16,786	97,894	58,438	80,706
	382,733	699,593	531,055	807,662

Revenue and income from major customers and partners which account for 10% or more of the Group's revenue and income in each of the year/period during the Relevant Periods are set out below:

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
A	109,745	142,613	137,410	113,421
B	49,125	*	*	*
C	46,116	*	*	*
D	*	*	58,562	*

Note: * Revenue and income was less than 10% for the respective years/periods.

(b) Segment reporting

The Group manages its businesses by service lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the reportable segments of the Group.

– Anchor Cloud;

– FI Cloud;

– Cross-border Cloud; and

– SME Credit Tech Solutions.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and income and related costs are allocated to the reportable segments with reference to revenue and income generated by those segments and the costs of principal activities incurred by those segments. The measure used for reporting segment result is gross profit. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's segment expenses, such as staff costs, depreciation and other operating expenses, and segment assets and liabilities are not regularly provided to the Group's most senior executive management. In addition, the other operating expenses are not included in the measure of segment results. As such, these information are not disclosed in the Historical Financial Information.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Relevant Periods is set out below.

	Supply Chain Finance Technology Solutions			Emerging Solutions			
	Anchor Cloud	FI Cloud	Subtotal	Cross-border Cloud	SME Credit Tech Solutions	Subtotal	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018							
Revenue and income	89,068	276,879	365,947	–	16,786	16,786	382,733
Costs	(36,404)	(146,626)	(183,030)	–	(6,177)	(6,177)	(189,207)
Gross profit	52,664	130,253	182,917	–	10,609	10,609	193,526
2019							
Revenue and income	288,407	313,292	601,699	2,153	95,741	97,894	699,593
Costs	(135,356)	(183,451)	(318,807)	(239)	(17,575)	(17,814)	(336,621)
Gross profit	153,051	129,841	282,892	1,914	78,166	80,080	362,972
Nine months ended 30 September 2019 (unaudited)							
Revenue and income	245,726	226,891	472,617	228	58,210	58,438	531,055
Costs	(108,216)	(128,733)	(236,949)	(41)	(10,167)	(10,208)	(247,157)
Gross profit	137,510	98,158	235,668	187	48,043	48,230	283,898
Nine months ended 30 September 2020 (unaudited)							
Revenue and income	391,454	335,502	726,956	15,399	65,307	80,706	807,662
Costs	(184,269)	(133,804)	(318,073)	(1,736)	(13,536)	(15,272)	(333,345)
Gross profit	207,185	201,698	408,883	13,663	51,771	65,434	474,317

(ii) Geographic information

The Group's revenue is substantially generated in the mainland China.

The Group's operating assets are substantially situated in the mainland China.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Interest expenses on				
– bank and other financial institution borrowings	63,550	84,521	80,671	108,868
– related parties' borrowings *(Note 29(c))*	11,113	23,128	15,392	11,282
– lease liabilities *(Note 12(ii))*	513	648	534	316
	75,176	108,297	96,597	120,466

(b) Staff costs

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Salaries, wages and other benefits	76,719	99,754	71,452	120,907
Contributions to defined contribution scheme *(Note)*	5,747	9,061	6,715	1,150
Share-based compensation	–	10,407	6,514	26,985
	82,466	119,222	84,681	149,042
Included in:				
– Research and development expenses	25,441	33,850	26,137	55,254
– Sales and marketing expenses	30,456	36,442	23,300	45,062
– Administrative expenses	26,569	48,930	35,244	48,726

Staff costs of RMB19,284,000, RMB44,220,000, RMB29,085,000 (unaudited) and RMB35,478,000 (unaudited) were capitalised in intangible assets for the years ended 31 December 2018 and 2019 and the nine months ended 30 September 2019 and 2020 respectively, which amounts are not included in the total amounts disclosed above.

Note: Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

Due to the impact of an outbreak of novel coronavirus ("COVID-19"), a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which contributed to the relief of certain cost of defined contribution scheme during the nine months ended 30 September 2020.

(c) Other items

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Depreciation and amortisation charges				
– amortisation of intangible assets	4,192	11,441	7,868	16,479
– depreciation of right-of-use assets	6,759	13,385	12,782	9,592
– depreciation of property, plant and equipment	1,778	4,059	3,702	4,173
– amortisation of information technology expense	6,226	4,151	4,151	–
	18,955	33,036	28,503	30,244
Impairment loss				
– trade and other receivables	35	118	155	145
– financial assets at amortised costs	3,422	26,937	13,591	32,676
– provision for guarantee liabilities	–	–	–	486
	3,457	27,055	13,746	33,307
Professional service fees	22,880	14,351	11,194	10,514
Auditors' remuneration	704	1,525	881	212

6 OTHER NET INCOME

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Interest income from bank deposits	4,707	16,043	10,219	17,068
Unrealised gains or losses from financial assets at fair value through profit or loss	–	849	345	–
Investment gains from financial investments at fair value through profit or loss	443	776	904	1,165
Foreign exchange gains/(losses)	4,357	(3,247)	(3,430)	3,499
Others	11	179	673	2,990
	9,518	14,600	8,711	24,722

7 INCOME TAX (BENEFIT)/EXPENSE

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands during the Relevant Periods.

Since April 1, 2018, LLS HK and Linklogis International have been subject to Hong Kong profit tax at a rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profit over HK$2,000,000. Hong Kong has an anti-fragmentation measure under which a corporate group must nominate only one company in the group benefit from the progressive tax rates. The Group does not impose the progressive tax rates throughout the Relevant Periods.

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to income tax at a rate of 25% on the taxable income, except for:

(i) One of the subsidiaries of the Group was recognised as high and new technology enterprises in the year ended 31 December 2019 and, accordingly, was entitled to a preferential income tax rate of 15% for the years ended 31 December 2019, 2020 and 2021.

(ii) One of the subsidiaries of the Group was recognised as small low-profit enterprise in the year ended 31 December 2019 and, accordingly, was entitled to a tax relief policy. The portion of annual taxable income amount of a small low-profit enterprise, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20% tax rate.

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Current tax				
PRC corporate income tax	19,528	15,363	18,317	60,235
Hong Kong profits tax	–	–	–	1,016
	19,528	15,363	18,317	61,251
Deferred tax – PRC Corporate Income Tax				
Origination and reversal of temporary differences	(25,889)	(15,505)	(16,872)	(25,436)
Effect of deferred tax balances at 1 January resulting from a change in tax rate	–	303	–	–
	(25,889)	(15,202)	(16,872)	(25,436)
Total	(6,361)	161	1,445	35,815

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Loss before taxation	(1,416,666)	(1,081,813)	(368,029)	(396,177)
Notional tax on loss before taxation, calculated at the rates applicable to the jurisdictions concerned	(8,097)	690	1,254	35,710
Tax effects of:				
– Tax losses for which no deferred tax asset was recognised	1,889	2,380	1,004	2,858
– Effect of preferential tax rates	–	191	–	(652)
– Tax effect of share of (profit)/loss of associates	(2)	884	261	(1,350)
– Utilisation of previously unrecognised tax losses	–	(12)	–	(1,180)
– Income not subject to tax	–	(3,815)	(175)	(3,413)
– Expenses not deductible for income tax purposes	586	2,758	1,759	6,513
– Super deduction for research and development expenses	(737)	(2,915)	(2,658)	(2,671)
Actual tax (benefit)/expense	(6,361)	161	1,445	35,815

8 DIRECTORS' EMOLUMENTS

Details of the emoluments of the directors of the Company during the Relevant Periods are as follows:

	Year ended 31 December 2018						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Song Qun	–	2,876	960	37	3,873	–	3,873
Ms. Chau Ka King	–	1,328	420	–	1,748	–	1,748
Mr. Ji Kun	–	1,371	420	40	1,831	–	1,831
Mr. Jiang Xi Yong	–	1,089	1,045	40	2,174	–	2,174
Mr. Gu Quan	–	–	–	–	–	–	–
Mr. Lai Zhi Ming	–	–	–	–	–	–	–
Mr. Lin Li Jun	–	–	–	–	–	–	–
Mr. Zhang Yuhan	–	–	–	–	–	–	–
	–	6,664	2,845	117	9,626	–	9,626

	Year ended 31 December 2019						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Song Qun	–	2,887	1,622	30	4,539	–	4,539
Ms. Chau Ka King	–	1,330	703	–	2,033	–	2,033
Mr. Ji Kun	–	1,441	400	32	1,873	–	1,873
Mr. Jiang Xi Yong	–	1,105	144	32	1,281	–	1,281
Mr. Gu Quan	–	–	–	–	–	–	–
Mr. Lai Zhi Ming	–	–	–	–	–	–	–
Mr. Lin Li Jun	–	–	–	–	–	–	–
Mr. Zhang Yuhan	–	–	–	–	–	–	–
Mr. Lin Haifeng	–	–	–	–	–	–	–
	–	6,763	2,869	94	9,726	–	9,726

	Nine months ended 30 September 2019 (unaudited)						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Song Qun	–	2,169	1,216	22	3,407	–	3,407
Ms. Chau Ka King	–	1,011	527	–	1,538	–	1,538
Mr. Ji Kun	–	1,081	300	24	1,405	–	1,405
Mr. Jiang Xi Yong	–	829	–	24	853	–	853
Mr. Gu Quan	–	–	–	–	–	–	–
Mr. Lai Zhi Ming	–	–	–	–	–	–	–
Mr. Lin Li Jun	–	–	–	–	–	–	–
Mr. Zhang Yuhan	–	–	–	–	–	–	–
	–	5,090	2,043	70	7,203	–	7,203

	Nine months ended 30 September 2020 (unaudited)						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Song Qun	537	1,449	1,079	14	3,079	–	3,079
Ms. Chau Ka King	209	722	467	12	1,410	1,684	3,094
Mr. Ji Kun	–	1,170	527	3	1,700	2,112	3,812
Mr. Jiang Xi Yong	–	854	803	3	1,660	1,121	2,781
Mr. Gu Quan	–	–	–	–	–	–	–
Mr. Lin Li Jun	–	–	–	–	–	–	–
Mr. Zhang Yuhan	–	–	–	–	–	–	–
Mr. Lin Haifeng	–	–	–	–	–	–	–
	746	4,195	2,876	32	7,849	4,917	12,766

(i) Mr. Song Qun, Ms. Chau Ka King and Mr. Ji Kun were appointed as directors of the Company on 13 March 2018. Before they were appointed as directors of the Company, they are key management personnel of the Group and their remuneration disclosed above include those for services rendered by them as key management personnel. Mr. Gu Quan, Mr. Jiang Xi Yong, Mr. Lin Li Jun and Mr. Zhang Yuhan were appointed as directors of the Company on 9 October 2018. Mr. Lai Zhi Ming was appointed as director of the Company on 9 October 2018 and resigned on 15 October 2019. Mr. Lin Hai Feng was appointed as director of the Company on 15 October 2019.

(ii) During the Relevant Periods, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 3, 2, 2 (unaudited) and 3 (unaudited) are directors whose emoluments are disclosed in Note 8 for the years ended 31 December 2018 and 2019 and the nine months ended 30 September 2019 and 2020 respectively. The aggregate of the emoluments in respect of the remaining 2, 3, 3 (unaudited) and 2 (unaudited) individuals for the years ended 31 December 2018 and 2019 and nine months ended 30 September 2019 and 2020 respectively are as follows:

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Salaries and other emoluments	2,363	5,930	4,301	3,467
Discretionary bonuses	235	1,494	1,121	1,121
Retirement scheme contributions	69	84	52	5
Share-based compensation	–	8,141	3,047	5,366
	2,667	15,649	8,521	9,959

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following band:

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	Number of individuals	Number of individuals	Number of Individuals	Number of individuals
			(unaudited)	(unaudited)
Nil – HKD1,000,000	–	–	–	–
HKD1,000,001 – HKD1,500,000	–	–	–	–
HKD1,500,001 – HKD2,000,000	1	–	1	–
HKD2,000,001 – HKD2,500,000	1	–	–	–
HKD2,500,001 – HKD3,000,000	–	1	–	–
HKD3,000,001 – HKD3,500,000	–	–	–	–
HKD3,500,001 – HKD4,000,000	–	–	2	–
HKD4,000,001 – HKD4,500,000	–	–	–	–
HKD4,500,001 – HKD5,000,000	–	–	–	1
HKD5,000,001 – HKD5,500,000	–	–	–	–
HKD5,500,001 – HKD6,000,000	–	–	–	–
HKD6,000,001 – HKD6,500,000	–	–	–	–
HKD6,500,001 – HKD7,000,000	–	–	–	1
HKD7,000,001 – HKD7,500,000	–	1	–	–
HKD7,500,001 – HKD8,000,000	–	1	–	–
	2	3	3	2

10 BASIC AND DILUTED LOSS PER SHARE

For the purpose of calculating loss per share, the number of shares of 30,851,300 used in the calculation excludes treasury shares of 14,551,513 and ordinary shares of 6,332,900, which are subject to preferential rights, and has been retroactively adjusted to reflect the outstanding ordinary shares issued to the equity shareholders of the Company as if the Reorganisation took place at the earliest period presented.

The following table sets forth the basic loss per share computation and the numerator and denominator for the years/periods presented:

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
			(unaudited)	(unaudited)
Net loss attributable to equity shareholders of the Company (RMB'000)	(1,410,305)	(1,081,638)	(369,477)	(433,091)
Weighted average number of ordinary shares issued to equity shareholders of the Company	30,851,300	30,851,300	30,851,300	30,851,300
Basic loss per share attributable to equity shareholders of the Company (in RMB per share)	(45.71)	(35.06)	(11.98)	(14.04)

Basic loss per share is calculated by dividing the net loss attributable to equity shareholders of the Company by the weighted average number of ordinary shares issued to the equity shareholders of the Company during the year/period.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares issued to the equity shareholders of the Company to assume conversion of all dilutive potential ordinary shares.

For the years ended 31 December 2018 and 2019 and the nine months ended 30 September 2019 and 2020, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would result in anti-dilution. Accordingly, diluted loss per share for each year/period during the Relevant Periods were the same as basic loss per share of the respective periods.

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Computer and electric equipment	Office furniture and equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
As at 1 January 2018	1,578	1,218	258	3,054
Additions	2,387	1,897	476	4,760
Disposals	(14)	(13)	(71)	(98)
As at 31 December 2018 and 1 January 2019	3,951	3,102	663	7,716
Additions	5,177	5,722	433	11,332
Disposals	–	(5)	(14)	(19)
As at 31 December 2019 and 1 January 2020	9,128	8,819	1,082	19,029
Additions	399	4,629	40	5,068

	Leasehold improvements	Computer and electric equipment	Office furniture and equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 September 2020 (unaudited)	9,527	13,448	1,122	24,097
Accumulated depreciation:				
As at 1 January 2018	(540)	(289)	(49)	(878)
Charge for the year	(1,057)	(628)	(93)	(1,778)
Disposals	–	1	12	13
As at 31 December 2018 and 1 January 2019	(1,597)	(916)	(130)	(2,643)
Charge for the year	(2,185)	(1,688)	(186)	(4,059)
Disposals	–	2	6	8
As at 31 December 2019 and 1 January 2020	(3,782)	(2,602)	(310)	(6,694)
Charge for the period	(1,594)	(2,425)	(154)	(4,173)
As at 30 September 2020 (unaudited)	(5,376)	(5,027)	(464)	(10,867)
Net book value:				
As at 31 December 2018	2,354	2,186	533	5,073
As at 31 December 2019	5,346	6,217	772	12,335
As at 30 September 2020 (unaudited)	4,151	8,421	658	13,230

As at 31 December 2018 and 2019 and 30 September 2020, no property, plant and equipment was under mortgage or not in use.

Property, plant and equipment owned by the Group are mainly located in the mainland China.

12 LEASES

(i) Amounts recognised in the consolidated statements of financial position

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Right-of-use assets			
Buildings	18,179	8,862	52,135
Lease liabilities			
Current	(12,593)	(8,110)	(11,513)
Non-current	(5,592)	(503)	(39,638)
	(18,185)	(8,613)	(51,151)

The Group has obtained the right to use certain office buildings through tenancy agreements during the Relevant Periods. The leases typically run for an initial period of 1 to 5 years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments. The analysis of the net book value of right-of-use assets is presented below:

	Office buildings
	RMB'000
As at 1 January 2018	6,893
Addition	18,045
Charge for the year	(6,759)
As at 31 December 2018 and 1 January 2019	18,179
Addition	4,068
Charge for the year	(13,385)
As at 31 December 2019 and 1 January 2020	8,862
Addition	52,865
Charge for the period	(9,592)
As at 30 September 2020 (unaudited)	52,135

The following table shows the remaining contractual of the Group's lease liabilities at each report date:

	As at 31 December 2018		As at 31 December 2019		As at 30 September 2020	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	(unaudited)
Less than 1 year	12,593	13,178	8,110	8,232	11,513	13,787
After 1 year but within 2 years	5,343	5,443	503	508	8,857	10,624
After 2 years but within 5 years	249	252	–	–	30,781	32,539
Subtotal	18,185	18,873	8,613	8,740	51,151	56,950
Less: total future interest expenses		(688)		(127)		(5,799)
Present value of lease liabilities		18,185		8,613		51,151

(ii) The analysis of expense items in relation to leases recognised in profit or lost is as follows:

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Depreciation charge of right-of-use assets	6,759	13,385	12,782	9,592
Interest expense on lease liabilities *(Note 5(a))*	513	648	534	316
	7,272	14,033	13,316	9,908

Details of total cash outflow for leases, and the future cash outflows are set out in Note 20(c) and Note 30(b), respectively.

13 INTANGIBLE ASSETS

	Self-developed platforms and software
	RMB'000
Cost:	
As at 1 January 2018	9,901
Additions	23,069
As at 31 December 2018 and 1 January 2019	32,970
Additions	49,780
As at 31 December 2019 and 1 January 2020	82,750
Additions	39,674
As at 30 September 2020 (unaudited)	122,424
Accumulated amortisation:	
As at 1 January 2018	(2,036)
Charge for the year	(4,192)
As at 31 December 2018 and 1 January 2019	(6,228)
Charge for the year	(11,441)
As at 31 December 2019 and 1 January 2020	(17,669)
Charge for the period	(16,479)
As at 30 September 2020 (unaudited)	(34,148)
Net book value:	
As at 31 December 2018	26,742
As at 31 December 2019	65,081
As at 30 September 2020 (unaudited)	88,276

14 INTERESTS IN ASSOCIATES

Set out below are the associates of the Group as at 30 September 2020.

Name of associates	Place of incorporation and business	Registered and paid-in capital	Effective interest held by the Group			Principal activities
			As at 31 December 2018	As at 31 December 2019	As at 30 September 2020	
			%	%	%	
Sinopharm Rosina (Shanghai) Commercial Factoring Co., Ltd. ("Sinopharm Rosina") *note (i)*	PRC	RMB500 million	19.608	19.608	19.608	Pharma-focused supply chain finance business
Go Asset Management Limited *note (ii)* ("Go Asset")	Cayman	USD3 million	N/A	N/A	30.00	Asset management service

(i) In September 2018, the Group entered into a shareholder agreement with certain invested to set up Sinopharm Rosina. Sinopharm Rosina is accounted for as an associate of the Group because the Group is able to exercise significant influence over it through its power to appoint one out of five directors of the entity under the articles of association.

(ii) On 9 April 2020, the Group entered into a shareholders agreement with certain investors to set up Go Asset, an exempted company incorporated in Cayman Islands. The Group holds 30% interests and has significant influence to Go Asset by appointing one director to the board.

The associates are accounted for using the equity method in the Historical Financial Information.

Summarised financial information in respect of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the Historical Financial Information, are disclosed below:

	As at 31 December		As at 30 September	
	2018	2019	2020	
	RMB'000	RMB'000	RMB'000	
			(unaudited)	(unaudited)
	Sinopharm Rosina	Sinopharm Rosina	Sinopharm Rosina	Go Asset
Total assets	511,897	3,976,037	2,118,947	25,080
Total liabilities	(1,845)	(3,493,309)	(1,596,391)	(88)
Net assets	510,052	482,728	522,556	24,992
Net assets attributable to the equity shareholders of the Company	510,052	482,707	522,534	24,992
Revenue	2,996	110,180	122,650	495
Profit/(loss) for the year/period	58	(27,324)	39,828	1,235
Other comprehensive income	–	–	–	–
Total comprehensive income for the year/period	58	(27,324)	39,828	1,235

	As at 31 December		As at 30 September	
	2018	2019	2020	
	RMB'000	RMB'000	RMB'000	
			(unaudited)	(unaudited)
	Sinopharm Rosina	Sinopharm Rosina	Sinopharm Rosina	Go Asset
Reconciliation to the Group's interest in the associate				
Group's effective interests	19.608%	19.608%	19.608%	30.00%
Group's share of net assets of the associates	100,011	94,653	102,463	7,498
Carrying amount in the consolidated statements of financial position	100,011	94,653	102,463	7,498

The Group assessed at the end of each year/period of the Relevant Periods whether there is any indication that interests in the associates may be impaired. If any such indication exists, the Group estimated the recoverable amount of the investment. As at 31 December 2018, 2019 and 30 September 2020, there was no indication of such impairment.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		As at 31 December		As at 30 September
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
				(unaudited)
Non-current				
Unlisted equity investment	*(i)*	–	20,849	–
Current				
Supply chain assets held for sales	*(ii)*	917,388	1,310,443	1,326,160
Asset-backed securities	*(iii)*	8,369	26,836	49,530
Others	*(iv)*	100	–	68,427
		925,857	1,337,279	1,444,117

(i) The unlisted equity investment represented the Group's interests in a supply chain solution technology company. The Group held 4.96% of the investee's shareholding with redemption right and did not have significant influence over the investee.

(ii) The supply chain assets held for sales represented the financial assets the Group acquired during the supply chain asset securitisation service, which will be transferred to special purpose vehicles specially formed for these transactions.

(iii) The Group held certain asset-back securities and accordingly retained portions of the risk and rewards of the transferred supply chain assets. The continuing involvement was measured in other assets (Note 18) and other liabilities (Note 23).

(iv) The balance as at 31 December 2018 represented an open-ended wealth management product issued by a domestic commercial bank. It was principal guaranteed, with floating return rate of return.

The balance as at 30 September 2020 represented the Group's investment in a segregated portfolio managed by Go Asset, which amounted to USD10 million (equivalent to approximately RMB68.43 million). The expected return for the portfolio was 4% per annum.

16 TRADE RECEIVABLES

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Service fee receivables	56,051	152,913	249,079
Less: Loss allowance	–	(152)	(223)
	56,051	152,761	248,856

As at the end of each year/period during the Relevant Periods, the ageing analysis of trade receivables based on the date of revenue recognition and net of loss allowance, is as follows:

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Within 3 months (inclusive)	52,954	70,951	113,237
3 months to 6 months(inclusive)	–	79,432	48,416
6 months to 1 year (inclusive)	3,097	2,530	82,436
Over 1 year	–	–	4,990
Less: loss allowance	–	(152)	(223)
Trade receivables, net	56,051	152,761	248,856

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 30(a).

17 FINANCIAL ASSETS AT AMORTISED COSTS

(a) Analysed by nature:

		As at 31 December		As at 30 September
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
				(unaudited)
Gross amount of financial assets at amortised costs				
Assets held by the Consolidated Trusts	*(i)*	–	239,714	152,244
Supply Chain assets from				
– Cross-border Cloud	*(ii)*	–	136,617	664,131
– SME Credit Tech Solutions		287,021	496,188	259,209
– FI Cloud	*(iii)*	397,449	–	–
		684,470	632,805	923,340
Gross amount of financial assets at amortised costs		684,470	872,519	1,075,584
Less: loss allowance				
Assets held by the Consolidated Trusts		–	(8,303)	(2,211)
Supply Chain assets from				
– Cross-border Cloud		–	(1,422)	(7,230)
– SME Credit Tech Solutions		(3,685)	(6,106)	(9,209)
– FI Cloud		(108)	–	–
		(3,793)	(7,528)	(16,439)
Carrying amount of financial assets at amortised costs		680,677	856,688	1,056,934

(i) During the Relevant Periods, the Group consolidated certain trust plans, because the Group is either the sole beneficiary or the asset service agency which assumes substantially all risks and rewards associated with the trust plans. The underlying investments of the trust plans are financings to small and micro enterprises or their owners. The Group assessed ECLs on the assets held by the trust plans in its consolidated financial statements.

(ii) On 29 May 2020, the Group entered into a Master Participation Agreement for Trade Transactions (the "Master Agreement") with a segregated portfolio managed by Go Asset. According to the Master Agreement, the Group sells certain types of receivables arising from Cross-border Cloud to the portfolio with recourse. As at 30 September 2020, the transferred receivables of USD32 million (equivalent to approximately RMB216 million) (unaudited) was not derecognised and relevant consideration received of USD32 million (unaudited) was recognised in other payables (Note 23) in the Historical Financial Information. The Group also subscribed shares of the portfolio with a consideration of USD10 million (equivalent to approximately RMB68 million), which was accounted for as financial assets at fair value through profit or loss (Note 15).

(iii) During the year ended 31 December 2018, the Group transferred the beneficiary right of certain supply chain assets from FI Cloud to qualified investors and financial institutions with recourse. Such supply chain assets amounting to RMB397 million were not derecognised and relevant consideration received from investors were recognised in other payables or borrowings in the Historical Financial Information (Note 22 and Note 23).

At each reporting date, all of the financial assets at amortised costs were unsecured and due within one year.

(b) The Group classifies financial instruments into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three risk stages are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month ECL is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime ECL is recognised as loss allowance.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime ECL is recognised as loss allowance.

Summarised by stages and allowance for impairment losses:

	As at 31 December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Assets held by the Consolidated Trusts	–	–	–	–
Supply Chain assets				
Gross amount				
– SME Credit Tech Solutions	282,243	1,365	3,413	287,021
– FI Cloud	397,449	–	–	397,449
	679,692	1,365	3,413	684,470
Less: loss allowance				
– SME Credit Tech Solutions	(851)	(274)	(2,560)	(3,685)
– FI Cloud	(108)	–	–	(108)
	(959)	(274)	(2,560)	(3,793)
Carrying amount	678,733	1,091	853	680,677
Total	678,733	1,091	853	680,677

	As at 31 December 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Assets held by the Consolidated Trusts				
Gross amount	232,719	3,226	3,769	239,714
Less: loss allowance	(3,830)	(1,646)	(2,827)	(8,303)
Carrying amount	228,889	1,580	942	231,411
Supply Chain assets				
Gross amount				
– Cross-border Cloud	136,617	–	–	136,617
– SME Credit Tech Solutions	487,648	3,987	4,553	496,188
	624,265	3,987	4,553	632,805
Less: loss allowance				
– Cross-border Cloud	(1,422)	–	–	(1,422)
– SME Credit Tech Solutions	(2,007)	(684)	(3,415)	(6,106)
	(3,429)	(684)	(3,415)	(7,528)
Carrying amount	620,836	3,303	1,138	625,277
Total	849,725	4,883	2,080	856,688

	As at 30 September 2020 (unaudited)			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Assets held by the Consolidated Trusts				
Gross amount	150,286	1,430	528	152,244
Less: loss allowance	(1,597)	(218)	(396)	(2,211)
Carrying amount	148,689	1,212	132	150,033
Supply Chain assets				
Gross amount				
– Cross-border Cloud	664,131	–	–	664,131
– SME Credit Tech Solutions	246,685	3,538	8,986	259,209
	910,816	3,538	8,986	923,340
Less: loss allowance				
– Cross-border Cloud	(7,230)	–	–	(7,230)
– SME Credit Tech Solutions	(1,858)	(611)	(6,740)	(9,209)
	(9,088)	(611)	(6,740)	(16,439)
Carrying amount	901,728	2,927	2,246	906,901
Total	1,050,417	4,139	2,378	1,056,934

At each reporting date, the overall expected credit loss rates of financial assets at amortised costs are assessed as follows:

	As at 31 December		As at 30 September
	2018	2019	2020
			(unaudited)
Assets held by the Consolidated Trusts	n/a	3.46%	1.45%
Supply chain assets from			
– Cross-border Cloud	n/a	1.04%	1.09%
– SME Credit Tech Solutions	1.28%	1.23%	3.55%
– FI Cloud	0.03%	n/a	n/a

(c) Summarised by overdue days:

	As at 31 December 2018		
	Overdue by 1 to 90 days (inclusive)	Overdue by 90 days to 1 year (inclusive)	Total
Supply Chain assets			
– SME Credit Tech Solutions	2,185	3,413	5,598

	As at 31 December 2019		
	Overdue by 1 to 90 days (inclusive)	Overdue by 90 days to 1 year (inclusive)	Total
Assets held by the Consolidated Trusts	5,355	3,769	9,124
Supply Chain assets			
– SME Credit Tech Solutions	4,653	4,553	9,206
Total	10,008	8,322	18,330

	As at 30 September 2020 (unaudited)		
	Overdue by 1 to 90 days (inclusive)	Overdue by 90 days to 1 year (inclusive)	Total
Assets held by the Consolidated Trusts	3,252	528	3,780
Supply Chain assets			
– SME Credit Tech Solutions	8,418	8,986	17,404
Total	11,670	9,514	21,184

(d) The movements of loss allowance of financial assets at amortised cost are as follows:

	Year ended 31 December 2018			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	(1,268)	(130)	(655)	(2,053)
Transfer				
Transfer to lifetime ECL credit-impaired	–	130	(130)	–
Charge for the year	309	(274)	(3,457)	(3,422)
Write-offs	–	–	1,682	1,682
As at 31 December	(959)	(274)	(2,560)	(3,793)

	Year ended 31 December 2019			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	(959)	(274)	(2,560)	(3,793)
Transfer				
Transfer to lifetime ECL credit-impaired	15	174	(189)	–
Charge for the year	(6,313)	(2,230)	(18,394)	(26,937)
Write-offs	–	–	14,901	14,901
Exchange differences	(2)	–	–	(2)
As at 31 December	(7,259)	(2,330)	(6,242)	(15,831)

	Year ended 30 September 2019 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	(959)	(274)	(2,560)	(3,793)
Transfer				
Transfer to lifetime ECL credit-impaired	18	174	(192)	–
Charge for the period	(5,130)	(950)	(7,511)	(13,591)
Write-offs	–	–	1,048	1,048
As at 30 September	(6,071)	(1,050)	(9,215)	(16,336)

	Year ended 30 September 2020 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	(7,259)	(2,330)	(6,242)	(15,831)
Transfer				
Transfer to lifetime ECL not credit-impaired	55	(55)	–	–
Transfer to lifetime ECL credit-impaired	514	2,321	(2,835)	–
Charge for the period	(4,001)	(765)	(27,910)	(32,676)
Write-offs	–	–	29,891	29,891
Recoveries of amounts previously written off	–	–	(40)	(40)
Exchange differences	6	–	–	6
As at 30 September	(10,685)	(829)	(7,136)	(18,650)

18 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		As at 31 December		As at 30 September
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
				(unaudited)
Current				
Deposits associated with FI Cloud and SME Credit Tech Solutions		163,367	22,919	12,497
Receivables from anchor enterprises		131,255	4,000	277,995
Continuing involvement in asset-backed securities		6,000	12,000	28,000
Prepaid expenses for supply chain financing		4,942	18,948	19,239
Input value-added-tax ("VAT") to be certified		1,742	5,788	25,858
Prepaid software and service expense		4,280	471	650
Amount due from shareholders	*(i)*	389,332	401,929	19,696
Others		8,181	7,900	11,758
Less: loss allowance		(35)	(1)	(75)
Total		709,064	473,954	395,618
Non-Current				
Loan to a non-controlling shareholder of an associate	*(ii)*	–	30,000	30,000
Long-term deferred expenses		986	2,363	8,104
Total		986	32,363	38,104

(i) During the Relevant Periods, the Company completed several rounds of offshore financing. The balances represented the consideration due from the offshore investors.

(ii) On 24 May 2019, LLS HK granted a loan amounting to RMB30,000,000 to Hong Kong Han Tou Jin Chuang Investment Management Limited ("Han Tou"), one of the non-controlling shareholders of Sinopharm Rosina. The loan will mature in three years with annual interest rate of 2%, and was pledged by 5.882% of Sinopharm Rosina's shares held by Han Tou.

19 RESTRICTED CASH

The Group

		As at 31 December		As at 30 September
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
				(unaudited)
Escrow accounts	*(i)*	54,031	45,141	121,603
Pledged deposits	*(ii)*	–	140,222	224,739
Segregated bank accounts held by the consolidated trust plans	*(iii)*	–	93,516	37,801
Others		85	14	7,599
Total		54,116	278,893	391,742

(i) The bank balances with escrow accounts and segregated trust accounts can only be used in specified activities as stipulated in the co-operation agreement with anchor enterprises and trust agreements.

(ii) The balance represented bank deposits pledged for bank borrowings (Note 22).

(iii) The balance represented the cash deposited in custodian bank which was held by the consolidated trust plans.

20 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Cash at bank	519,033	389,940	226,029
Due from other financial institutions	10	87	30,619
	519,043	390,027	256,648

(b) Reconciliation of loss before taxation to cash (used in)/generated from operations:

	Note	For the year ended 31 December		Nine months ended 30 September	
		2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Loss before taxation		(1,416,666)	(1,081,813)	(368,029)	(396,177)
Adjustments for:					
Depreciation and amortisation charges	*5(c)*	18,955	33,036	28,503	30,244
Finance costs	*5(a)*	75,176	108,297	96,597	120,466
Impairment losses	*5(c)*	3,457	27,055	13,746	33,307
Share of (profit)/loss of associates		(11)	5,358	1,582	(8,180)
Interest income		(4,707)	(16,043)	(10,218)	(17,068)
Investment income		(443)	(776)	(904)	(1,165)
Fair value changes of financial assets measured at fair value through profit and loss		–	(849)	(345)	–
Fair value changes in financial liabilities measured at fair value through profit or loss	*25(c)*	1,396,180	1,108,072	399,595	534,560
Share based compensation	*5(b)*	–	10,407	6,514	26,985
Foreign exchange (gains)/losses		(4,357)	3,247	3,430	(3,499)
Operating profit before changes in working capital		67,584	195,991	170,471	319,473
Changes in working capital:					
(Increase)/Decrease in financial assets at fair value through profit or loss		(925,507)	(411,522)	706,579	(38,738)
(Increase) in trade receivable		(51,116)	(96,862)	(67,348)	(96,166)
(Increase) in financial assets at amortised cost		(591,460)	(202,948)	(156,658)	(232,922)
Decrease/(Increase) in prepayments, other receivable and other assets		3,244,134	252,252	275,898	(301,082)
(Increase)/decrease in restricted cash		(32,157)	(84,555)	(59,440)	(28,332)
Increase in contract liabilities		–	15	14	525
Increase in trade payables		27,615	26,299	57,153	113,837
(Decrease)/Increase in other payables		(2,725,741)	545,107	(236,298)	250,523
Changes in working capital		(1,054,232)	27,786	519,900	(332,355)
Cash (used in)/generated from operations		(986,648)	223,777	690,371	(12,882)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flow as cash flows from financing activities.

	Borrowings	Other payables	Lease liabilities	Financial liabilities measured at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2018	319,667	–	6,555	356,933	683,155
Changes from financing cash flows:					
Increase of borrowings	204,951	–	–	–	204,951
Proceeds from investors' borrowings	310,000	34,509	–	–	344,509
Repayments for investors' borrowings	(50,000)	–	–	–	(50,000)
Interests paid	(72,775)	–	–	–	(72,775)
Proceeds from issuance of redeemable convertible preferred shares	–	–	–	1,188,074	1,188,074
Capital element of lease rentals paid	–	–	(6,368)	–	(6,368)
Interest element of lease rentals paid	–	–	(513)	–	(513)
Total changes from financing cash flows	392,176	34,509	(6,881)	1,188,074	1,607,878
Other Change					
Finance costs *(Note 5(a))*	74,663	–	513	–	75,176
Increase in lease liabilities from entering into new leases during the year	–	–	17,998	–	17,998
Change in fair value	–	–	–	1,396,180	1,396,180
Others	(1)	–	–	347,311	347,310
As at 31 December 2018 and 1 January 2019	786,505	34,509	18,185	3,288,498	4,127,697
Changes from financing cash flows:					
Increase/(decrease) of borrowings	(284,876)	19,903	–	–	(264,973)
Repayments for investors' borrowings	(50,000)	(34,509)	–	–	(84,509)
Interests paid	(106,191)	–	–	–	(106,191)
Proceeds from issuance of convertible redeemable preferred shares	–	–	–	369,637	369,637
Capital element of lease rentals paid	–	–	(11,679)	–	(11,679)
Interest element of lease rentals paid	–	–	(648)	–	(648)
Total changes from financing cash flows	(441,067)	(14,606)	(12,327)	369,637	(98,363)

	Borrowings	Other payables	Lease liabilities	Financial liabilities measured at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other Changes					
Finance cost *(Note 5(a))*	107,649	–	648	–	108,297
Increase in lease liabilities from entering into new leases during the year	–	–	2,107	–	2,107
Change in fair value	–	–	–	1,108,072	1,108,072
Others	(3)	–	–	12,597	12,594
As at 31 December 2019 and 1 January 2020	453,084	19,903	8,613	4,778,804	5,260,404
Changes from financing cash flows:					
Increase/(decrease) of borrowings	116,802	–	–	–	116,802
Repayments for investors' borrowing	(300,000)	–	–	–	(300,000)
Proceeds from issuance of convertible redeemable preferred shares	–	–	–	382,234	382,234
Interests paid	(121,608)	–	–	–	(121,608)
Capital element of lease rentals paid	–	–	(10,151)	–	(10,151)
Interest element of lease rentals paid	–	–	(316)	–	(316)
Total changes from financing cash flows	(304,806)	–	(10,467)	382,234	66,961
Other Changes					
Finance cost *(Note 5(a))*	120,150	–	316	–	120,466
Increase in lease liabilities from entering into new leases during the period	–	–	52,689	–	52,689
Change in fair value	–	–	–	534,560	534,560
Others	–	–	–	(382,234)	(382,234)
As at 30 September 2020 (unaudited)	268,428	19,903	51,151	5,313,364	5,652,846

21 TRADE PAYABLES

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Expenses payable for issuance of assets-backed securities	28,830	54,963	168,488
Others	–	166	478
	28,830	55,129	168,966

As of 31 December 2018, 31 December 2019 and 30 September 2020, the carrying amounts of trade payables were primarily denominated in RMB. The carrying amounts of trade payables are considered to be the same as their fair values, due to their short-term nature.

An ageing analysis of the trade payables based on the invoice date as at the end of each Relevant Periods is as follows:

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Within 3 months	18,362	14,599	84,060
Over 3 months	10,468	40,530	84,906
	28,830	55,129	168,966

22 BORROWINGS

	As at 31 December 2018		As at 31 December 2019		As at 30 September 2020	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000	Effective interest rate	RMB'000
					(unaudited)	(unaudited)
Bank and other financial institution borrowings						
– Unsecured	6%-11.8%	412,350	8%-10%	1,776	3.3%	55,187
– Pledged		–	4.3%	130,173	3.8%	200,000
		412,350		131,949		255,187
Related parties borrowings						
– Unsecured	2%-9%	374,155	2%-9%	321,135	11%	13,241
		374,155		321,135		13,241

As at the end of each reporting period, borrowings were repayable as follows:

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Within 1 year and included in current liabilities	476,502	430,392	255,187
After 1 year and included in non-current liabilities			
– After 1 year but within 2 years	290,000	–	–
– After 2 years but within 5 years	–	–	–
– More than 5 years	20,003	22,692	13,241
	786,505	453,084	268,428

23 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

		As at 31 December		As at 30 September
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
				(unaudited)
Current				
Payable to anchor enterprises	*(i)*	59,357	111,804	842,320
Payable to trust investors		–	251,258	171,919
Payable to plan investors		394,023	–	216,448
Bills payable		–	615,154	–
Amount due to investors	*(ii)*	34,509	19,903	19,903
Continuing involvement in asset-backed securities	*15(iii)*	6,000	12,000	28,000
Accrued payroll and other benefits		15,370	21,819	37,149
Tax and levies		5,512	4,926	–
Others		18,537	21,545	21,108
		533,308	1,058,409	1,336,847
Non-current				
Deferred income from government grant		–	421	506

(i) Payable to anchor enterprises relates to the securitization transactions enabled by the Group's Supply Chain Finance Technology Solutions and primarily arises in circumstances where the anchor enterprises paid for acquisition of the underlying assets from the suppliers.

(ii) The balance represented the deposit of USD5 million received from Shenzhen Nanshan Skyworth Industry of Information Technology Venture Capital Fund (Limited Partnership) under the onshore deposit agreement for Series C financing. The deposit was returned in full amount in 2019.

In February 2019, Linklogis Digital entered into a loan agreement with Shanghai Tanying Investment Partnership (Limited Partnership), an onshore affiliate of Golden Valley Global Limited ("GVGL"), one of the Company's Series C Investors, for an interest-free loan of RMB19,903,000. The loan is due on 31 December 2019, or the date when Golden Valley Global Limited pays up its capital in the Company, whichever is earlier.

In December 2019, the loan was extended for one year and was transferred to Shanghai Lejin Investment Partnership (Limited Partnership), another onshore affiliate of GVGL. The loan was subsequently repaid in November 2020.

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represent:

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Corporate Income Tax			
Current taxation	14,211	7,620	45,335

(b) Movements of each component of deferred tax assets and liabilities:

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

Deferred tax arising from:	Loss Allowance	Changes in fair value of financial instruments	Tax Losses	Accrued Expenses	Amortisation charge of intangible assets	Depreciation charge of right-of-use assets	Total
As at 1 January 2018	513	–	6,077	–	226	–	6,816
Credited/(charged) to profit or loss	487	(448)	11,996	13,265	354	235	25,889
As at 31 December 2018 and 1 January 2019	1,000	(448)	18,073	13,265	580	235	32,705
Effect on deferred tax balances resulting from a change in tax rate	(207)	–	(96)	–	–	–	(303)
Credited/(charged) to profit or loss	3,183	(972)	(2,772)	15,477	636	(47)	15,505
As at 31 December 2019 and 1 January 2020	3,976	(1,420)	15,205	28,742	1,216	188	47,907
Credited/(charged) to profit or loss	3,262	(2,531)	(9,821)	33,389	1,085	52	25,436
As at 30 September 2020 (unaudited)	7,238	(3,951)	5,384	62,131	2,301	240	73,343

(c) Deferred tax assets and liabilities not recognised:

The Group has not recognised deferred tax assets in respect of unused tax losses of subsidiaries as it is not probable that sufficient future taxable profits will be available against which unused tax losses can be utilised.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As of each reporting date, certain subsidiaries of the Group suffered operating losses for the year. Based on management's assessment, the Group did not recognise deferred income tax assets of RMB2,285,000, RMB3,398,000, and RMB5,039,000 (unaudited) in respect of losses amounting to RMB9,230,000, RMB13,593,000, and RMB20,142,000 (unaudited) that can be carried forward against future taxable income.

Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	As at 31 December 2018	As at 31 December 2019	As at 30 September 2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
2021	5	3	3
2022	1,675	1,631	1,631
2023	7,550	5,172	11,281
2024	–	6,787	4,982
2025	–	–	2,245
	9,230	13,593	20,142

25 Financial liabilities measured at fair value through profit or loss

Onshore financing

Prior to the incorporation of the Company, the Group completed series A, A+ and B onshore financing at Linklogis Digital level with an aggregate consideration of RMB227,655,000. Pursuant to relevant shareholders agreements, these onshore investors were entitled to preferential rights including redemption right, liquidation preference, and anti-dilution right.

In June 2017, Linklogis Digital issued convertible loans amounting to RMB50,000,000 to certain investors, as part of the onshore Series B financing. The convertible loan holders are entitled to a redemption right and liquidation preferences and the convertible loans are mandatorily converted into preferred shares one year after the issuance date.

Offshore financing

To reflect the onshore shareholding structure of Linklogis Digital, from March 2018 to October 2018, the Company allotted and issued (i) a total of 51,735,713 ordinary shares to the offshore holding companies that are ultimately owned by Mr. Song, Mr. Ji, Ms. Chau and Mr. Jiang, Shirazvic Company Limited and Carltonvic; and (ii) a total of 62,815,800 preferred shares to affiliates of the onshore investors. The aggregate consideration was equivalent RMB108,051,000. The terms of the preferred shares of the Company substantially mirrored those of the preferred shares of Linklogis Digital.

Subsequent to the Reorganisation, the Company conducted Series C and Series C1 financing by allotting and issuing a total of 30,963,622 and 5,444,444 shares of redeemable convertible preferred shares respectively, with an aggregate consideration of equivalent RMB1,909,007,000.

Upon issuance, among the total of 51,735,713 ordinary shares, all Class A+ ordinary shares (3,277,900 shares) and those Class B ordinary shares held by Cabnetwa (3,055,000 shares), were subject to certain preferential rights, and therefore were accounted for as financial liabilities measured at fair value through profit or loss.

The key terms of the convertible redeemable preferred shares are summarised as follows:

(a) Conversion feature

Each holder of preferred shares shall have the right, at such holder's sole discretion, to convert all or any portion of the preferred shares into ordinary shares at any time after the applicable original issue date. The conversion rate for preferred shares shall be determined by dividing the applicable preferred share issue price by the conversion price then in effect at the date of the conversion. The initial conversion price will be the applicable preferred share issue price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect stock dividends, stock splits and other events.

Each preferred share shall automatically be converted into ordinary shares, at the then applicable preferred share conversion price upon (i) the closing of a qualified [**REDACTED**], or (ii) the consents in writing by the holders of at least two-thirds (2/3) of each series or class of preferred shares.

(b) Redemption feature

The preferred shares are redeemable by the holders if the Company fails to complete an [**REDACTED**] prior to a specified [**REDACTED**] redemption date or upon an occurrence of some specified contingent events. The redemption price shall equal the following:

For each Series A/A+/B Preferred Shares redeemed, the Redemption Price shall be equal to the sum of (i) the applicable Preferred Share Issue Price and (ii) an interest accrued thereon on daily basis at a simple interest rate of 10% per annum, commencing from the relevant Preferred Shares Issue Date and ending on the date the redemption price for such Preferred Share is paid in full.

For each Series C/C1 Preferred Shares redeemed, the Redemption Price shall equal the sum of (i) the applicable Series C/C1 Preferred Share Issue Price, (ii) all declared and unpaid dividends payable to the holders of such Series C/C1 Preferred Shares for each year (or pro rata for a partial year) such Series C/C1 Preferred Share was outstanding and (iii) interest accrued thereon on a daily basis at a simple interest rate of 8% per annum, commencing from the Series C/C1 Issue Date and ending on the date the redemption price for such Series C/C1 Share is paid in full.

(c) Liquidation preference

Upon any liquidation event which includes a merger or consolidation of the Company, any proceeds and assets, whether in cash or properties, resulting from such liquidation event shall be distributed in accordance with the following order: 1) Series C shareholder and Series C1 shareholder, with a preference amount equal to their respective share issue price; Series B Shareholder and Class B Ordinary Shareholder, with a preference amount equal to their respective share issue price plus a 10% annual simple interest and declared but unpaid dividends; Series A Shareholder, Series A+ Shareholder and Class A+ Ordinary Shareholder, with a preference amount equal to their respective share issue price plus a 10% annual simple interest and declared but unpaid dividends.

If the Company has insufficient proceeds resulting from such liquidation event for payments, the Company's assets that are legally available for distribution shall be distributed.

Upon completion of the [**REDACTED**], the preferred shares will be automatically converted into ordinary shares and the liquidation preference of the Class B Ordinary Shares and Class A+ Ordinary Shareholders will be terminated.

The Company's contractual obligation to deliver cash or other financial assets to the preferred shareholders, convertible loan holders and the Class B and Class A+ Ordinary Shareholders with preferential rights upon some events that are beyond the control of the Company gives rise to financial liabilities, which are measured at fair value through profit or loss. See note 2(o) for the relevant accounting policy.

The key assumptions used in the fair value measurement are set out as below:

	As at 31 December		As at 30 September
	2018	2019	2020
			(unaudited)
Risk free rate	2.71%	2.33%	2.28%
Expected volatility	33.5%	42.24%	61.06%

The movements of carrying amounts of convertible redeemable preferred shares, convertible loans and the ordinary shares with preferential rights are set out as below:

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
At the beginning of the year/period	356,933	3,288,498	4,778,804
Addition	1,535,385	382,234	–
Fair value changes	1,396,180	1,108,072	534,560
At the end of the year/period	3,288,498	4,778,804	5,313,364

26 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

As described in Note 1, the Reorganisation was not completed until 9 October 2018. The share capital as at 1 January 2018 as shown in the consolidated statements of changes in equity represented the paid-in capital of Linklogis Digital.

Upon the completion of the Reorganisation, the share capital represented ordinary shares of the Company issued to its equity shareholders.

On 13 March 2018, the Company was incorporated in the Cayman Islands with an authorised share capital of USD50,000 divided into 500,000,000 shares with a par value of USD0.0001 each. To reflect the onshore shareholding structure of Linklogis Digital, the Company allotted and issued a total of 51,735,713 ordinary shares to the offshore holding companies and a total of 62,815,800 preferred shares to onshore investors' affiliates.

On 2 October 2018 and 31 December 2019, the Company further issued 30,963,622 and 5,444,444 preferred shares respectively.

Among the total of 51,735,713 ordinary shares,

(i) all Class A+ Ordinary Shares (3,277,900 shares) and those Class B Ordinary Shares held by Cabnetwa Company Limited (3,055,000 shares) were subject to certain preferential rights, and therefore were accounted for as financial liabilities measured at fair value through profit or loss (Note 25);

(ii) the remaining 45,402,813 ordinary shares were issued to equity shareholders of the Company, which were outstanding as at 31 December 2018, 31 December 2019 and 30 September 2020. The corresponding share capital of USD4,540 (equivalent to RMB30,332) was treated as share capital in the equity of the Company.

Each Class A Ordinary Share held by Mr. Song Qun will entitle the holder to exercise 10 votes and all other classes of ordinary shares will entitle the holder to exercise one vote, on any resolution tabled at the Company's general meetings, except for resolutions with respect to a limited number of reserved matters, in relation to which each ordinary share is entitled to one vote.

(b) Nature and purpose of reserves

(i) Capital reserve

Capital reserve as at 31 December 2018, 2019 and 30 September 2020 primarily consist of share-based compensation (see Note 27).

(ii) General reserve

Pursuant to the Notice of the General Office of the China Banking and Insurance Regulatory Commission on Strengthening Supervision and Administration of Commercial Factoring Enterprises which was promulgated in October 2019, factoring companies should accrue a general reserve not less than 1% of the closing balance of the financing factoring business. As at 31 December 2019 and 30 September 2020, the general reserve amounted to RMB41,257,000 and RMB35,472,000 respectively.

(iii) Foreign exchange reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign operations. The foreign exchange reserve is dealt with in accordance with the accounting policy set out in note 2(w).

(iv) Treasury share reserve

As disclosed in Note 1, Carltonvic is controlled by the Company and therefore the ordinary shares of 14,551,513 issued to Carltonvic was presented as treasury shares. These treasury shares represent the shares held by employee share trust controlled by the Company for the Equity Incentive Plan.

(v) Statutory reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC.

In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after taxation, as determined in accordance with the relevant PRC accounting standards, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserve can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(c) Movements of components in equity

	Note	Share capital	Capital reserve	Accumulated loss	Total deficit
		RMB'000	RMB'000	RMB'000	RMB'000
		26(a)	*26(b)(i)*		
Balance at 13 March 2018 (date of incorporation)		–	–	–	–
Loss for the period		–	–	(1,419,783)	(1,419,783)
Issuance of ordinary shares	*26(a)*	30	–	–	30
Exemption of subsidiaries' liabilities	*(i)*	–	(281,229)	–	(281,229)
Balance at 31 December 2018 and 1 January 2019		30	(281,229)	(1,419,783)	(1,700,982)
Loss for the year		–	–	(1,090,232)	(1,090,232)
Share-based compensation			10,407	–	10,407
Balance at 31 December 2019 and 1 January 2020		30	(270,822)	(2,510,015)	(2,780,807)
Loss for the period		–	–	(551,351)	(551,351)
Share-based compensation		–	26,985	–	26,985
Balance at 30 September 2020 (unaudited)		30	(243,837)	(3,061,366)	(3,305,173)

(i) As part of the Reorganisation, the Company issued preferred shares and ordinary shares with preferential rights to offshore investors mentioned in Note 25 with same terms and removed the preferred rights attached to Linklogis Digital's ordinary shares. The difference between the consideration received for the issuance and the fair value of the financial instrument with preferential rights was deemed to be an exemption of subsidiaries' liabilities and recorded as capital reserve of the Company.

(d) Dividends

No dividends have been paid or declared by the Company during the Relevant Periods.

27 SHARE-BASED COMPENSATION

With the purpose of attracting, motivating, retaining and rewarding certain employees and directors. On 24 January 2019 and 5 May 2019, the options to subscribe for 2,679,084 shares were granted to eligible participants with an exercise price of US$5.0414 per share ("the 2019 Grant"). The share options granted are vested over a four-year period, with a one-year cliff, on condition that employees remain in service without any performance requirements. The share options granted are vested through 4 years with 25% shares vested each year equally.

On 1 January 2020, the Company granted a total of 3,666,000 shares options to eligible participants under the Equity Incentive Plan, with an exercise price of US$5.0414 per share ("the 2020 Grant"). The number of shares subject to the 2020 Grant consists of a total of 3,275,900 fixed shares which will evenly vest on a yearly basis over a four-year period from the grant date and a total of 390,100 contingent shares which will vest on the premise that the participant has achieved certain performance target.

The details of the 2019 and 2020 Grants are set out as below.

(a) The terms and conditions of the grants are as follows:

Grant Date	Number of instruments	Vesting conditions years from the date of grant	Contractual life of options
(i) The 2019 Grant			
– on 24 January 2019	357,271	1 years	10 years
– on 24 January 2019	357,271	2 years	10 years
– on 24 January 2019	357,271	3 years	10 years
– on 24 January 2019	357,271	4 years	10 years
	1,429,084		
– on 5 May 2019	312,500	1 years	10 years
– on 5 May 2019	312,500	2 years	10 years
– on 5 May 2019	312,500	3 years	10 years
– on 5 May 2019	312,500	4 years	10 years
	1,250,000		
Total Share Options granted	2,679,084		
(ii) The 2020 Grant			
Fixed shares:			
– on 1 January 2020	818,975	1 years	10 years
– on 1 January 2020	818,975	2 years	10 years
– on 1 January 2020	818,975	3 years	10 years
– on 1 January 2020	818,975	4 years	10 years
	3,275,900		
Contingent shares:			
– on 1 January 2020	97,525	1 years	10 years
– on 1 January 2020	97,525	2 years	10 years
– on 1 January 2020	97,525	3 years	10 years
– on 1 January 2020	97,525	4 years	10 years
	390,100		
Total Share Options granted	3,666,000		

(b) The number and weighted average exercise prices of share options are as follows:

	The year ended 31 December 2019		Nine months ended 30 September 2020 (unaudited)	
	Number of options	Weighted-average exercise	Number of options	Weighted-average exercise
		USD		USD
Outstanding at 1 January	–	5.0414	2,679,084	5.0414
Forfeited during the year/period	–	5.0414	272,710	5.0414
Exercised during the year/period	–	5.0414	–	5.0414
Granted during the year/period	2,679,084	5.0414	3,666,000	5.0414
Outstanding at 31 December/ 30 September	2,679,084	5.0414	6,072,374	5.0414
Exercisable at 31 December/ 30 September	–	5.0414	669,771	5.0414

The options outstanding at 31 December 2019 and 30 September 2020 had weighed average remaining contractual lives of 9.20 years and 8.92 years, respectively.

(c) Fair value of share option scheme and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share option granted. The estimate of the fair value of the share options granted is measured based on a Binomial Option Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

	24 January 2019	5 May 2019	1 January 2020
	RMB6.56 ~	RMB11.42 ~	RMB13.24 ~
Fair value at measurement date	RMB9.52	RMB12.27	RMB17.39
Exercise price	USD5.0414	USD5.0414	USD5.0414
Expected volatility (weighted-average)	40.20%	40.54%	40.94%
Option life	10 years	10 years	10 years
Risk-free rate	2.73%	2.53%	1.92%

The expected volatility was referenced to the average of daily historical share price volatility of comparable companies operating in similar industry of the Company. The valuation was based on the assumption that no dividends will be distributed. The option scheme was granted under a performance condition, and management of the Company estimates the probability of attaining the revenue. Changes in the subjective input assumptions could materially affect the fair value estimate.

On 25 November 2020, a resolution was passed to amend and restate the Equity Incentive Plan. The options previously granted to relevant employees were replaced by restricted stock units (RSUs) to be granted to such employees, for the same number of shares, the same price and the same vesting schedule and other restrictions as the original options.

28 COMMITMENTS

The Group had the following capital commitments at the end of each reporting date were as follows:

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Equity investment	–	–	2,000

29 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name of the entities	Relationship
Tencent Holdings Limited and its subsidiaries (the "Tencent Group")	The entity who has significant influence on the Company
Shanghai Tanying Investment Partnership (Limited Partnership)* (上海檀英投資合夥企業(有限合夥))	Controlled by entity who has significant influence on the Company
Shanghai Lejin Investment Partnership (Limited Partnership)* (上海樂進投資合夥企業(有限合夥))	Controlled by entity who has significant influence on the Company
Shenzhen Benyuan Ledong Capital Management Center (Limited Partnership)* (深圳市本源樂動資本管理中心(有限合夥))	Controlled by entity who has significant influence on the Company
CITIC Capital Equity Investment (Tianjin)* (中信資本股權投資(天津)股份有限公司)	Controlled by entity who has significant influence on the Company
Sinopharm Rosina	Associate of the Group
Go Asset	Associate of the Group
Go Global Segregated Portfolio Company	Under significant influence of the Group

* The official names of these entities are in Chinese. The English names are for indentification purpose only.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Salaries, wages and other benefits	9,851	13,303	9,609	11,536
Contributions to defined contribution scheme	157	153	103	49
Share-based compensation	–	5,105	2,643	10,562
Key management personnel remuneration	10,008	18,561	12,355	22,147

(c) Related parties transactions

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Charged by related parties				
Tencent Group				
– Software system use and service payment	7,528	6,259	5,752	3,166
– expenses paid for issuance of assets-backed securities	–	523	523	3,735
– Costs of principal activities	904	2,766	1,846	–
	8,432	9,548	8,121	6,901
Go Global Segregated Portfolio Company				
– Funding cost	–	–	–	794
Provide Supply Chain Finance Technology Solution to Sinopharm Rosina	–	1,124	507	376
Borrowings obtained from:				
Tencent Group	110,000	–	–	–
CITIC Capital Equity Investment (Tianjin)	190,000	–	–	–
Shenzhen Benyuanledong Investment Management Partnership	10,000	–	–	–
Shanghai Tanying Investment Partnership (Limited Partnership)	–	19,903	19,903	–
Total	310,000	19,903	19,903	–
Interest expense incurred during the Relevant Periods				
Tencent Group	649	2,003	1,496	1,123
CITIC Capital Equity Investment (Tianjin)	7,311	19,657	12,790	9,651
Shenzhen Benyuanledong Investment Management Partnership	385	1,035	673	508
Shanghai Tanying Investment Partnership (Limited Partnership)	2,768	433	433	–
Total *(Note 5(a))*	11,113	23,128	15,392	11,282

(d) Balance with related parties

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Trade payables			
– Tencent Group	–	523	1,496
Prepayments, other receivables and other assets			
– Tencent Group	4,151	–	–
Borrowings			
– Tencent Group	110,649	113,344	13,241
– CITIC Capital Equity Investment (Tianjin)	197,311	196,372	–
– Shenzhen Benyuanledong Investment Management Partnership	10,385	11,419	–
– Shanghai Tanying Investment Partnership (Limited Partnership)	55,810	–	–
Subtotal	374,155	321,135	13,241
Other payables, accruals and other liabilities			
– Shanghai Lejin Investment Partnership (Limited Partnership)	–	19,903	19,903

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, currency and interest rate risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The credit risks faced by the Group primarily arise from: (1) covered financing transactions and self-funded financing transactions in Emerging Solutions; and (2) in connection with the securitization offerings enabled by Anchor Cloud to the extent the offerings are unsuccessful and the anchor enterprises fail to perform their repayment obligation to the Group in the case that the acquisition of underlying assets is financed by short-term bridge loans the Group borrowed from third-party funding providers or the Group's own capital.

In connection with the Group's Emerging Solutions, the Group enters into various types of arrangements with financial institutions that protect them against losses on the financing they extend to SMEs. These arrangements include the Group's undertaking to acquire the right as the financiers from the financial institutions in the event of a default or late payment by the SMEs. The Group refers to the financing transactions covered by the foregoing contractual arrangements as "covered" financing transactions. As at 30 September 2020, the maximum exposure to such covered financing transactions was RMB47,093,000 (unaudited).

To identify, monitor and mitigate these risks relating to securitization offerings, the Group has developed a credit risk review team and a credit risk management committee who are responsible for managing these risks through data-driven risk management, transaction review and approval process and comprehensive risk analysis. The Group selects the anchor enterprises by taking into account various criteria such as their credit ratings, industries, locations and market rankings. Furthermore, the Group require the anchor enterprises to have a credit rating of AA+ or above in the circumstances that the Group finance the acquisition of underlying assets using (i) the short-term bridge loans that the Group borrows from third-party funding providers and (ii) the Group's own capital.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to each customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's external credit rating, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Credit terms of trade receivables due from customers are agreed in the contracts and vary based on the Group's individual credit evaluations of the specific customers. Other receivables from anchor enterprises are repayable once the ABS are issued. The Group possessed the legal title of the underlying supply chain assets as a collateral for the receivables from anchor enterprises.

The Group utilizes data-driven risk management measures to recognize, mitigate and manage the credit risks associated with the financing transactions enabled by SME Credit Tech Solutions and Cross-border Cloud. To generate analysis on SMEs, the Group inspects their background information, business trend, the quality of their partnering anchor enterprises, historical performance, market reputation and relative negative information on governmental and judicial databases. The Group determines the maximum amount they may use to support the Group's self-funded financing transactions based on the information collected from SMEs, including the submitted invoices and a variety of other assessment criteria, such as their locations, credit histories or whether they are involved in any legal proceedings.

The Group measures loss allowances for trade and other receivables from anchor enterprises at an amount equal to lifetime ECLs, which is calculated with reference to the customer's external credit rating. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group's exposure to credit risk arising from restricted cash and cash and cash equivalents is limited because the counterparties are banks with maximum credit rating, for which the Group considers to have low credit risk.

The following table provides information about the Group's exposure to credit risk and ECLs for trade and other receivables, which mainly represent receivables from anchor enterprises as at 31 December 2018, 2019 and 30 September 2020:

	As at 31 December 2018		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Current			
– Trade receivables	–	56,051	–
– Other receivables	0.03%	131,255	35
		187,306	35

	As at 31 December 2019		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Current			
– Trade receivables	0.09%	152,913	152
– Other receivables	0.03%	4,000	1
		156,913	153

	As at 30 September 2020 (unaudited)		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Current			
– Trade receivables	0.09%	249,079	223
– Other receivables	0.03%	277,955	75
		527,034	298

Movement in the loss allowance account in respect of trade and other receivables for each year/period during the Relevant Periods is as follows:

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Balance at the beginning of the year/period	–	35	153
Impairment losses recognised (Note 5(c))	35	118	145
Balance at the end of the year/period	35	153	298

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as at 31 December 2018, 2019 and 30 September 2020 of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2018					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	28,830	–	–	–	28,830	28,830
Borrowings	477,081	310,000	–	20,003	807,084	786,505
Other payables and accruals	533,308	–	–	–	533,308	533,308
Lease liabilities	13,178	5,443	252	–	18,873	18,185
	1,052,397	315,443	252	20,003	1,388,095	1,366,828

	As at 31 December 2019					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	55,129	–	–	–	55,129	55,129
Borrowings	452,263	–	–	22,692	474,955	453,084
Other payables and accruals	1,058,409	388	33	–	1,058,830	1,058,830
Lease liabilities	8,232	508	–	–	8,740	8,613
	1,574,033	896	33	22,692	1,597,654	1,575,656

	As at 30 September 2020 (unaudited)					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	168,966	–	–	–	168,966	168,966
Borrowings	259,343	–	–	13,241	272,584	268,428
Other payables and accruals	1,336,847	506	–	–	1,337,353	1,337,353
Lease liabilities	13,787	10,624	32,539	–	56,950	51,151
	1,778,943	11,130	32,539	13,241	1,835,853	1,825,898
Financial guarantee issued	47,093	–	–	–	–	–

In addition to the above, the Group was also exposed to liquidity risk arising from the redemption and liquidation features of the financial liabilities measured at fair value through profit or loss at 31 December 2018 and 2019, and 30 September 2020, which are further detailed in Note 25.

(c) Market risk

(i) Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Company's functional currency is USD. The Company's primary subsidiaries and structured entities were incorporated or set up in the PRC and these subsidiaries considered RMB as their functional currency.

The Group operates mainly in the PRC with most of the transactions settled in RMB. The management considers that the business is not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities. The following table details the Group's exposure at the end of the Relevant Periods to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity which they related. For presentation purpose, the amounts of the exposure are shown in Renminbi, translated using the spot rate at each year end date of the Relevant Periods. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded. The currencies giving rise to this risk is primarily US dollars.

	Exposure to foreign currencies (expressed in RMB'000)		
	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Cash and cash equivalents	11	1,264	2,063
Trade receivables	–	–	1
Prepayment, other receivable and other assets	100,010	182,321	195,925
Financial assets at amortised cost	–	–	–
Borrowings	(70,480)	(75,128)	(76,095)
Trade Payables	–	(6)	–
Other payables, accruals and other liabilities	(100,010)	(55,464)	(128,823)
Gross exposure arising from recognised assets and liabilities	(70,469)	52,987	(6,929)

The following table indicates the instantaneous change in the Group's profit before taxation and accumulated loss that would arise if foreign exchange rates which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
5% appreciation of RMB			
(Decrease)/increase in profit before taxation for the year	(3,523)	2,649	(346)
5% depreciation of RMB			
Increase/(decrease) in profit before taxation for the year	3,523	(2,649)	346

(ii) Interest rate profile

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to cash flow interest rate risk in relation to bank balances and variable-rate borrowings. The Group takes on exposure to the effects of fluctuation in the prevailing market interest rates on the cash flow risks. The Group is also exposed to fair value interest rate risk in relation to fixed-rate supply chain assets and fixed-rate borrowings.

Management monitors the related interest exposure closely to ensure the interest rate risks are maintained at an acceptable level. The level of mismatch of interest rate repricing that may be undertaken is monitored closely.

The Group's exposures to interest rates on financial assets and liabilities are mainly concentrated on the fluctuation of the People's Bank of China rate arising from bank balances and bank borrowings in which the directors of the Company considered the effect is immaterial.

The Group's majority interest-bearing liabilities at 31 December 2018 and 2019 and 30 September 2020 are fixed rate borrowings. Thus, the Group is not exposed to significant cash flow interest rate risk during the Relevant Periods.

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

Fair value hierarchy:

	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investment	–	–	–	–
Supply chain assets held for sale	–	–	917,388	917,388
Asset-backed securities	–	–	8,369	8,369
Wealth management product	100	–	–	100
Financial assets at fair value through profit or loss	100	–	925,757	925,857
Financial liabilities measured at fair value through profit or loss	–	–	3,288,498	3,288,498

	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investment	–	–	20,849	20,849
Supply chain assets held for sale	–	–	1,310,443	1,310,443
Asset-backed securities	–	–	26,836	26,836
Financial assets at fair value through profit or loss	–	–	1,358,128	1,358,128
Financial liabilities measured at fair value through profit or loss	–	–	4,778,804	4,778,804

	As at 30 September 2020 (unaudited)			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Supply chain assets held for sale	–	–	1,326,160	1,326,160
Asset-backed securities	–	–	49,530	49,530
Investment in SPC Portfolio	–	–	68,427	68,427
Financial assets at fair value through profit or loss	–	–	1,444,117	1,444,117
Financial liabilities measured at fair value through profit or loss	–	–	5,313,364	5,313,364

The movement for financial liabilities measured at fair value through profit or loss during the Relevant Periods in level 3 fair value measurements is disclosed in Note 25.

The movement during the Relevant Periods in the balance of Level 3 fair value measurements is as follows:

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Unlisted equity investment				
As at 1 January	–	–	–	20,849
Payment for purchase	–	20,000	20,000	–
Net unrealised gains recognised in profit or loss during the year/period	–	849	345	–
Disposals	–	–	–	(20,849)
As at 31 December/30 September	–	20,849	20,345	–

	For the year ended 31 December		Nine months ended 30 September	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Supply chain assets held for sale				
As at 1 January	–	917,388	917,388	1,310,443
Payment for purchase	916,881	97,324,230	58,957,937	162,302,504
Net unrealised gains recognised in profit or loss during the year/period	507	(1,118)	25	2,274
Disposals	–	(96,930,057)	(59,686,210)	(162,289,061)
As at 31 December/30 September	917,388	1,310,443	189,140	1,326,160
Asset-backed securities				
As at 1 January	–	8,369	8,369	26,836
Payment for purchase	7,085	22,400	16,400	29,000
Net unrealised gains recognised in profit or loss during the year/period	1,284	6,836	8,038	13,530
Disposals	–	(10,769)	(2,769)	(19,836)
As at 31 December/30 September	8,369	26,836	30,038	49,530
Investment in SPC Portfolio				
As at 1 January	–	–	–	–
Payment for purchase	–	–	–	68,166
Net unrealised gains recognised in profit or loss during the year/period	–	–	–	261
As at 31 December/30 September	–	–	–	68,427
	925,757	1,337,279	219,178	1,444,117
Total net unrealised gains for the year/period included in the profit or loss for assets held at the end of the Relevant Periods	1,791	6,567	8,408	16,065

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(i) Valuation techniques and inputs used in Level 3 fair value measurements

Financial assets at fair value through profit or loss

The Group determines the fair value of unlisted equity investment supply chain assets held for sales, the asset-backed securities and other investment portfolio by using discounted cash flow model. The significant un-observable inputs are the risk-adjusted discount rates, which ranged from 5.51% to 9.61%, from 2.27% to 6.66%, and from 0.93% to 12.86% as of 31 December 2018, 2019 and 30 September 2020.

The following table demonstrates the sensitivity to a reasonably possible change in fair value of financial assets at fair value through profit or loss:

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Financial assets at fair value through profit or loss			
Discount rate decrease 1%	(111)	(293)	(326)
Discount rate increase 1%	109	290	323

Financial liabilities at fair value through profit or loss ("FVTPL liabilities")

The Group adopts an option pricing allocation model and equity allocation model when measuring the redeemable convertible preferred shares and ordinary shares with preferential rights. The fair value of such FVTPL liabilities is affected by changes in expected volatility and discount rate, which are the significant unobservable inputs in the fair value measurement.

If the Company's expected volatility applied in the valuation had been 1% lower or higher than management's estimation as at 31 December 2018, 2019 and 30 September 2020, the carrying amounts of the FVTPL liabilities would increase/(decrease) by the amounts listed in table below:

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Expected volatility increase 1%	111	(571)	(440)
Expected volatility decrease 1%	(169)	552	442

If the Company's discount rate applied in the valuation had been 1% lower or higher than management's estimation as at 31 December 2018, 2019 and 30 September 2020, the carrying amounts of the FVTPL liabilities would increase/(decrease) by the amounts listed in table below:

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Risk free rate decrease 1%	8,264	5,073	1,412
Risk free rate increase 1%	(8,102)	(5,004)	(1,405)

The movements of balances of FVTPL liabilities during the Relevant Periods were disclosed in Note 25.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at 31 December 2018 and 2019 and 30 September 2020.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

31 TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

Certain subsidiaries of the Group (collectively as the "Supply Chain Finance Technology Services Entities"), transfer supply chain asset to structured entities, which in turn issue various asset-backed securities (hereinafter referred to as "ABS") of which the Group had fully subscribed the ABS and accordingly may retain portions of the risks and rewards of the transferred supply chain assets. The outstanding balances of the ABS subscribed by the Group were RMB8 million, RMB27 million and RMB50 million at 31 December 2018 and 2019 and 30 September 2020, respectively, while the supply chain asset held by the ABS mentioned above were RMB6,527 million, RMB12,117 million and RMB18,355 million at 31 December 2018 and 2019 and 30 September 2020, respectively. As a result, the balances of continuing involvement in transferred assets and associated liabilities both amounted to RMB6 million, RMB12 million and RMB28 million as at 31 December 2018 and 2019 and 30 September 2020, respectively, which approximately represented the maximum exposure to losses from its involvement in such securitisation arrangements due to holding subordinated tranches.

Interests in structured entities

The Group is principally involved with structured entities through financial investments, asset service and other business. These structured entities generally finance the purchase of assets by issuing securities or by other means. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them.

Interests in unconsolidated structured entities

The interests held by the Group in unconsolidated structured entities are set out as below:

(a) Structured entities sponsored by the Group

The Group uses structured entities in the ordinary course of its business to achieve different business objectives, such as charging service fees from third-party investors for assets service to ABS.

The balances of such unconsolidated structured entities as at 31 December 2018 and 2019 and 30 September 2020 amounted to RMB25,507 million, RMB63,468 million, and RMB99,985 million, respectively. Thereinto, the investments of the Group in such unconsolidated structured entities were RMB8 million, RMB27 million, and RMB50 million as at 31 December 2018 and 2019 and 30 September 2020, respectively, which were classified as financial assets at fair value through profits or losses, and the maximum risk exposure of the Group for holding these investments approximate their carrying amount. Furthermore, the Group held ABS on behalf of anchor enterprises which amounted to RMB49 million, RMB128 million, and RMB108 million as at 31 December 2018 and 2019 and 30 September 2020, respectively, such ABS were classified as other receivables and the Group has no risk exposure or investment income from these investments.

The Group is not contractually obliged to provide financing to these unconsolidated structured entities. The Group has not provided financing to the unconsolidated structured entities during the Relevant Periods.

(b) Structured entities sponsored by other institutions

The interests held by the Group in the structured entities sponsored by other financial institutions through direct investments as at each of the end of the Relevant Periods are set out as below:

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
GO GLOBAL TRADE RECEIVABLES PILOT SP	–	–	68,427

Consolidated structured entities

The Group consolidated trust plans which were set up by trust companies. The Group controls the trust plans because the Group has power over, is exposed to, or has rights to variable returns from its involvement with these trust plans and has the ability to use its power over these trust plans to affect the amount of the Group's returns.

32 FINANCIAL POSITION OF THE COMPANY

(a) Investment in subsidiaries

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Deemed investment arising from share-based compensation	–	10,407	37,392

(b) Prepayments, other receivables and other assets

	Note	As at 31 December		As at 30 September
		2018	2019	2020
		RMB'000	RMB'000	RMB'000
				(unaudited)
Loans to subsidiaries	(i)	1,038,632	1,038,632	1,038,632
Receivables from subsidiaries		423,041	773,421	923,607
Total		1,461,673	1,812,053	1,962,239

(i) On 23 May 2018, 9 October 2018 and 21 December 2018, the Company granted three loans amounting to USD10,000,000, RMB900,000,000 and RMB70,000,000 respectively to certain subsidiaries to support their daily operation. The loans will mature in 18 months. After matured, the loans were renewed and extended for five years.

(c) Restricted cash

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Pledged deposits	–	140,222	–

The balance represented bank deposits pledged for bank borrowings (Note 22).

(d) Cash and cash equivalent

	As at 31 December		As at 30 September
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
			(unaudited)
Cash at bank	125,843	37,665	8,566

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of this Historical Financial Information, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period beginning on 1 January 2020 and which have not been adopted in the Historical Financial Information.

	Effective for accounting periods beginning on or after
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment*: Proceeds before Intended Use	1 January 2022
Amendments to IFRS 3, Reference to the Conceptual Framework	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest Rate Benchmark Reform — Phase 2	1 January 2021

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application.

34 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 4 December 2020, the Monetary Authority of Singapore announced to grant the license to operate digital wholesale bank in Singapore to a consortium comprising one of the Group's Hong Kong subsidiaries, LLS HK and two of the Group's strategic partners. The directors of the Group expect the bank will start operation in early 2022.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries and structured entities comprising the Group in respect of any period subsequent to 30 September 2020.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of the company laws of the Cayman Islands.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 March 2018 under the Cayman Companies Act. The Company's constitutional documents consist of its Memorandum and Articles of Association.

1. MEMORANDUM OF ASSOCIATION

1.1 The Memorandum provides, *inter alia*, that the liability of members of our Company is limited and that the objects for which our Company is established are unrestricted (and therefore include acting as an investment company), and that our Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since our Company is an exempted company, that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

1.2 By special resolution our Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [●]. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of shares

The share capital of our Company consists of Class A Shares and Class B Shares. The authorised share capital of our Company is US$50,000 divided into [**REDACTED**] Class A Shares of a par value of US$[0.0001] each and [**REDACTED**] Class B Shares of a par value of US$[0.0001] each.

(b) Rights attaching to shares

Subject to the Articles of Association, the holders of Class A Shares and Class B Shares shall at all times vote together as one class on all resolutions submitted to a vote by the members. Subject to this paragraph, on each resolution subject to a vote at general meetings on a poll, each Class A Share shall entitle its holder to ten votes and each Class B Share shall entitle its holder to one vote.

The Company shall not take any action (including the issue or repurchase of Shares of any class) that would result in (a) the aggregate number of votes entitled to be cast by all holders of Class B Shares (for the avoidance of doubt, excluding those who are also holders of Class A Shares) present at a general meeting to be less than 10% of the votes entitled to be cast by all members at a general meeting; or (b) an increase in the proportion of Class A Shares to the total number of shares in issue.

No further Class A Shares shall be issued by our Company, except with the prior approval of the Stock Exchange and pursuant to (i) an offer to subscribe for shares made to all the members *pro rata* (apart from fractional entitlements) to their existing holdings; (ii) a *pro rata* issue of shares to all the members by way of scrip dividends; or (iii) a stock split or other capital reorganisation provided that the Stock Exchange is satisfied that the proposed allotment or issuance will not result in an increase in the proportion of Class A Shares in issue, so that:

(i) if, under a *pro rata* offer, any holder of Class A Shares does not take up any part of the Class A Shares or the rights thereto offered to him, such untaken shares (or rights) shall only be transferred to another person on the basis that such transferred rights will only entitle the transferee to an equivalent number of Class A Shares; and

(ii) to the extent that rights to Class B Shares in a *pro rata* offer are not taken up in their entirety, the number of Class A Shares that shall be allotted, issued or granted in such *pro rata* offer shall be reduced proportionately.

Class A Shares shall only be held by a Director or a limited partnership, trust, private company or other vehicle wholly owned or wholly controlled by a Director (a "**Director Holding Vehicle**"). Subject to the Listing Rules or other applicable laws or regulations, each Class A Share shall be automatically converted into one Class B Share upon the occurrence of any of the following events:

(i) the death of the holder of such Class A Share (or, where the holder is a Director Holding Vehicle, the death of the Director holding or controlling such Director Holding Vehicle);

(ii) the holder of such Class A Share ceasing to be a Director or a Director Holding Vehicle for any reason;

(iii) the holder of such Class A Share (or, where the holder is a Director Holding Vehicle, the Director holding or controlling such Director Holding Vehicle) being deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a Director;

(iv) the holder of such Class A Share (or, where the holder is a Director Holding Vehicle, the Director holding or controlling such Director Holding Vehicle) being deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules; or

(v) the transfer to another person of the beneficial ownership of, or economic interest in, such Class A Share or the control over the voting rights attached to such Class A Share (through voting proxies or otherwise), other than (i) the grant of any encumbrance, lien or mortgage over such share which does not result in the transfer of the legal title or beneficial ownership of, or the voting rights attached to, such share, until the same is transferred upon the enforcement of such encumbrance, lien or mortgage; (ii) a transfer of the legal title to such share by a Director to a Director Holding Vehicle held or controlled by him, or by a Director Holding Vehicle to the Director holding or controlling it or another Director Holding Vehicle held or controlled by such Director; and (iii) any transfer of legal title to such share by a holder of Class A Shares to a limited partnership, trust, private company or other vehicle which holds Class A Shares on behalf of such holder.

Any conversion of Class A Shares into Class B Shares pursuant to the Articles shall be effected by the re-designation of each Class A Share into one Class B Share. Such conversion shall become effective forthwith upon entries being made in the register of shareholders of our Company to record the re-designation of the relevant Class A Shares as Class B Shares.

All of the Class A Shares in the authorised share capital shall be automatically re-designated into Class B Shares in the event all of the Class A Shares in issue are converted into Class B Shares in accordance with this paragraph, and no further Class A Shares shall be issued by our Company.

Notwithstanding any provisions in the Articles to the contrary, each Class A Share and each Class B Share shall entitle its holder to one vote on a poll at a general meeting in respect of a resolution on any of the following matters:

(i) any amendment to the Memorandum or the Articles, however framed, including the variation of the rights attached to any class of shares;

(ii) the appointment, election or removal of any independent non-executive Director;

(iii) the appointment or removal of the auditors; or

(iv) the voluntary winding-up of our Company.

Notwithstanding the foregoing, where a holder of Class A Shares is permitted by the Stock Exchange from time to time to exercise more than one vote per share when voting on a resolution to amend the Memorandum or the Articles, any holder of Class A Share may elect to exercise such number of votes per share as is permitted by the Stock Exchange, up to the maximum number of votes attached to each Class A Share.

Save and except for the rights, preferences, privileges and restrictions set out in this Appendix, the Class A Shares and the Class B Shares shall rank *pari passu* in all other respects and shall have the same rights, preferences, privileges and restrictions.

(c) Variation of rights of existing shares or classes of shares

The Company shall not vary the rights of the Class A Shares so as to increase the number of votes to which each Class A Share is entitled.

Subject to the Cayman Companies Act, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

For so long as any Class A Share is in issue and unless such change is otherwise required by law or the Listing Rules, (a) any change to the composition of the Board set out in the Articles; (b) any change in the proportion of votes required to pass a resolution of the shareholders, whether as an ordinary resolution or a special resolution or in respect of particular matters or generally; (c) any variation to the number of votes attached to a share of any class, except any such variation arising from an automatic conversion of a Class A Share into a Class B Share

pursuant to the Articles; and (d) any change to the matters in respect of which each Class A Share and each Class B Share shall entitle its holder to one vote on a poll at a general meeting in accordance with the Articles, this paragraph and any change to the quorum requirements for meetings of the directors, shall require the consent in writing of the holders of not less than three-quarters in nominal value of the issued Class A Shares.

The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) as at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(d) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(e) Transfer of shares

Subject to the Cayman Companies Act and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House (as defined in the Articles) or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of our Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which our Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to our Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of our Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(f) Power of our Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where our Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

In the event our Company reduces the number of Class B Shares in issue through a purchase of its own shares, the holders of Class A Shares shall reduce their voting rights in our Company proportionately, whether through a conversion of a portion of their Class A Shares or otherwise, if the reduction in the number of Class B Shares in issue would otherwise result in an increase in the proportion of Class A Shares to the total number of shares in issue.

(g) Power of any subsidiary of our Company to own shares in our Company

There are no provisions in the Articles relating to the ownership of shares in our Company by a subsidiary.

(h) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced our Company may pay interest at such rate (if any) not exceeding 20 per cent per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to our Company all monies which, as at the date of forfeiture, were payable by him to our Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

2.2 Directors

(a) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of our Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of our Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. Every Director (including those appointed for a specific term and the independent non-executive Directors) shall be subject to retirement by rotation at least once every three years. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of our Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in our Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of our Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and our Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the retirement by rotation provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(i) resigns;

(ii) dies;

(iii) is declared to be of unsound mind and the Board resolves that his office be vacated;

(iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) he is prohibited from being or ceases to be a director by operation of law;

(vi) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(viii) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

The appointment or re-appointment of Directors, including independent non-executive Directors, must be subject to the recommendation of the nomination committee.

(b) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of our Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of our Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and our Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Act, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no shares shall be issued at a discount.

Neither our Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to dispose of the assets of our Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Cayman Companies Act to be exercised or done by our Company in general meeting, but if such power or act is regulated by our Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(d) Borrowing powers

The Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of our Company and, subject to the Cayman Companies Act to issue debentures, debenture stock, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

(e) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or our Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, *pro rata*. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in our Company may be entitled by reason of such employment or office.

Any Director who, at the request of our Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of our Company or companies with which our Company is associated in business, or may make contributions out of our Company's monies to, any schemes or funds for

providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and former employees of our Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(f) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by our Company in general meeting.

(g) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of our Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of our Company or any of their respective close associates, or, if any one or more Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(h) Disclosure of interest in contracts with our Company or any of its subsidiaries

With the exception of the office of auditor of our Company, a Director may hold any other office or place of profit with our Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with our Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting

or being so interested be liable to account to our Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to our Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of our Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of our Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of our Company by virtue only of his/their interest in those shares, debentures or other securities.

(i) Independent non-executive Directors

The role of an independent non-executive Director shall include, but is not limited to:

(i) participating in Board meetings to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

(ii) taking the lead where potential conflicts of interests arise;

(iii) serving on the audit, remuneration, nomination and corporate governance committees, if invited; and

(iv) scrutinising our Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

The independent non-executive Directors shall give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of the members.

The independent non-executive Directors shall make a positive contribution to the development of our Company's strategy and policies through independent, constructive and informed comments.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the constitutional documents and our Company's name

To the extent that the same is permissible under the Cayman Islands laws and subject to the Articles, the Memorandum and Articles of our Company may only be altered or amended, and the name of our Company may only be changed, with the sanction of a special resolution of our Company.

2.5 Meetings of members

(a) Special and ordinary resolutions

A special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Cayman Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An ordinary resolution, by contrast, is a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of our Company duly convened and held, and where relevant as a special resolution so passed.

(b) Voting rights and right to demand a poll

Subject to this Appendix and any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of our Company, provided that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(i) at least two members;

(ii) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iii) a member or members holding shares in our Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of our Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where our Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual general meetings

The Company must hold an annual general meeting each year other than the year of our Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(d) Notices of meetings and business to be conducted

An annual general meeting of our Company shall be called by at least 21 days' (and not less than 20 clear business days') notice in writing, and any other general meeting of our Company shall be called by at least 14 days' (and not less than 10 clear business days') notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by our Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify our Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Act and the Listing Rules, a notice or document may also be served or delivered by our Company to any member by electronic means.

Although a meeting of our Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of our Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95 per cent of the total voting rights in our Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(e) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(f) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(g) Members' requisition for meetings

Extraordinary general meetings shall be convened on the requisition of one or more members holding, as at the date of deposit of the requisition, not less than one-tenth of the paid up capital of our Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of our Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by our Company.

2.6 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by our Company, and of the assets and liabilities of our Company and of all other matters required by the Cayman Companies Act (which include all sales and purchases of goods by our Company) necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions.

The books of accounts of our Company shall be kept at the head office of our Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of our Company except as conferred by the Cayman Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or our Company in general meeting.

The Board shall from time to time cause to be prepared and laid before our Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory, our Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by our Company in general meeting or by the Board if authority is so delegated by the members. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by special resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in its place for the remainder of the term.

The auditors shall audit the financial statements of our Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(b) all dividends shall be apportioned and paid *pro rata* in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(c) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to our Company on account of calls, instalments or otherwise.

Where the Board or our Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(ii) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, our Company may by ordinary resolution in respect of any one particular dividend of our Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 per cent per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.8 Inspection of corporate records

For so long as any part of the share capital of our Company is listed on the Stock Exchange, any member may inspect any register of members of our Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if our Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

2.9 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of our Company under the Cayman Islands laws, as summarised in paragraph 3.6 of this Appendix.

2.10 Procedures on liquidation

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(a) if our Company is wound up and the assets available for distribution among the members of our Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and

(b) if our Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If our Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Act, divide among the members in specie or kind the whole or any part of the assets of our Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.11 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Act, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

The Company was incorporated in the Cayman Islands as an exempted company on 13 March 2018 subject to the Cayman Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

An exempted company such as our Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share capital

Under the Cayman Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) any manner provided in section 37 of the Cayman Companies Act;

(d) writing-off the preliminary expenses of the company; and

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of our Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2020 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2020 Revision) of the Cayman Islands.

3.15 Register of directors and officers

Pursuant to the Cayman Companies Act, our Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of our Company (and, where applicable, the current alternate directors of our Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75 per cent in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are

unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated, the dissenting member would have no rights comparable to the appraisal rights (that is, the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.18 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.19 Indemnification

The Cayman Islands laws do not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.20 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act, 2018, which became effective on 1 January 2019, together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. The Company is required to comply with the economic substance requirements from July 1, 2019 and make an annual report in the Cayman Islands as to whether or not it is carrying on any relevant activities and if it is, it must satisfy an economic substance test.

4. GENERAL

Harney Westwood & Riegels, our Company's legal advisor on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of the company laws of the Cayman Islands. This letter, together with a copy of the Cayman Companies Act, is available for inspection as referred to in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this document. Any person wishing to have a detailed summary of the Cayman Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company, Linklogis Inc. (formerly known as Linklogis Financial Holdings Inc.), was incorporated as an exempted company with limited liability in the Cayman Islands on March 13, 2018. Our registered office address is at ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles is set out in Appendix III to this document.

Our principal place of business in Hong Kong is at 40/F, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on December 29, 2020 with the Registrar of Companies in Hong Kong. Mr. Wong Keith Shing Cheung has been appointed as the authorized representative of our Company for the acceptance of service of process and any notices required to be served on our Company in Hong Kong. The address for service of process or notice is 40/F, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong.

As of the date of this document, our Company's headquarters is located at Floor 36, CES Building, No. 3099 Keyuan South Road, Nanshan District, Shenzhen City, PRC.

2. Changes in share capital of our Company

Our Company was incorporated on March 13, 2018 with an authorized share capital of US$50,000.00 divided into 500,000,000 shares of a par value of US$0.0001 each.

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this document:

(a) On January 9, 2020, our Company completed the issuance of an aggregate of 5,444,444 Series C1 Preferred Shares.

Save as disclosed above there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this document.

3. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 of the Accountants' Report as set out in Appendix I to this document. The following alterations in the share or registered capital of our subsidiaries have taken place within two years immediately preceding the date of this document.

Huanrong Lianyi Technology

On April 27, 2020, the registered capital of Huanrong Lianyi Technology was increased from RMB10,000,000 to RMB50,000,000.

On May 7, 2020, the registered capital of Huanrong Lianyi Technology was increased from RMB50,000,000 to RMB300,000,000.

Rongda Factoring

On July 8, 2019, the registered capital of Rongda Factoring was increased from RMB100,000,000 to RMB300,000,000.

Linklogis International

Linklogis International was incorporated on March 7, 2019 with registered capital of US$9,250,000 and paid-up capital of US$9,250,000.

Linklogis International Supply Chain (Shenzhen) Co., Ltd. (聯易融國際供應鏈(深圳)有限公司)

Linklogis International Supply Chain (Shenzhen) Co., Ltd. was established on July 26, 2019 with registered capital of US$5,000,000 and paid-up capital of US$499,995.

Yirui Investment

Yirui Investment was established on November 26, 2019 with registered capital of RMB10,000,000 and paid-up capital of RMB10,000,000.

Wuhan Lianyisheng

Wuhan Lianyisheng was established on December 25, 2019 with registered capital of US$50,000,000 and paid-up capital of US$10,000,494.

4. Resolutions of the Shareholders of our Company dated [●], 2021

Written resolutions of our Shareholders were passed on [●], 2021, pursuant to which, among others:

(a) conditional on (i) the Listing Committee granting [**REDACTED**] of, and permission to deal in, the Class B Shares in issue and to be issued as stated in this document and such [**REDACTED**] and permission not subsequently having been revoked prior to the commencement of dealing in the Class B Shares on the Stock Exchange; (ii) the [**REDACTED**] having been determined; and (iii) the obligations of the [**REDACTED**] under each of the [**REDACTED**] becoming unconditional (including if relevant, as a result of the waiver of any condition(s) thereunder) and such obligations not having been terminated in accordance with the terms of the [**REDACTED**] or otherwise, in each case on or before such dates as may be specified in the [**REDACTED**];

(i) the [**REDACTED**] (including the [**REDACTED**]) was approved, and the proposed allotment and issue of the [**REDACTED**] under the [**REDACTED**] were approved, and our Group were authorized to determine the [**REDACTED**] for, and to allot and issue the [**REDACTED**];

(ii) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Class B Shares or securities convertible into Class B Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Class B Shares) which might require Class B Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Class B Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the [**REDACTED**], rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by our Company from time to time or, pursuant to the exercise of any options which may be granted under the allotment and issue of Class B Shares in lieu of the whole or part of a dividend on Class B Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**], excluding any Class B Shares to be issued pursuant to the exercise of the [**REDACTED**];

(iii) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase, on the Hong Kong Stock Exchange or on any other stock exchange on which the securities of our Company may be [**REDACTED**] and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, such number of Class B Shares as will represent up to 10% of the total number of Shares in issue immediately following the completion of the [**REDACTED**], excluding any Class B Shares which may be issued pursuant to the exercise of the [**REDACTED**]; and

(iv) the general unconditional mandate as mentioned in paragraph (iii) above was extended by the addition to the aggregate nominal value of the Class B Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Class B Shares purchased by our Company pursuant to the mandate to purchase Class B Shares referred to in paragraph (iii) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**], excluding any Class B Shares to be issued pursuant to the exercise of the [**REDACTED**]; and

(b) our Company conditionally approved and adopted the Memorandum and the Articles with effect from [**REDACTED**].

Each of the general mandates referred to in sub-paragraphs (a)(ii), (a)(iii), and (a)(iv) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; and
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

5. Repurchase of our own securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities.

Provision of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on [●], 2021, the Repurchase Mandate was given to our Directors authorizing him to exercise all the powers of our Company to repurchase Shares on the Hong Kong Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following the completion of the [**REDACTED**] (excluding any Class B Shares to be issued pursuant to the exercise of the [**REDACTED**]), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company, (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Source of funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles and the applicable laws of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of laws of the Cayman Islands, any purchases by our Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act.

Trading restrictions

A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

Status of repurchased shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase our Directors resolve to hold the shares purchased by our Company as treasury shares, shares purchased by our Company shall

be treated as cancelled and the amount of our Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under the laws of the Cayman Islands.

Suspension of repurchase

Pursuant to the Listing Rules, our Company may not make any repurchases of Shares after inside information has come to its knowledge until the information is made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional.

Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

Core connected persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell their securities to the company.

Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position as disclosed in this document and taking into account the current working capital position, our Group considers that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this document. Our Directors, however, do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which in the opinion of our Group are from time to time appropriate for our Company.

General

The exercise in full of the Repurchase Mandate, on the basis of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] (but not taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**]), could accordingly result in [**REDACTED**] Shares being repurchased by our Company during the period prior to the earliest occurrence of (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of Hong Kong to be held; or (3) the revocation or variation of the purchase mandate by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**").

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than [**REDACTED**]% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be granted other than in exceptional circumstances.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material:

(1) an amended and restated shareholders agreement dated January 9, 2020 (the "Shareholders Agreement") entered into among our Company, Linklogis Hong Kong, Linklogis Supply Chain Services, Linklogis Digital, Mr. Song, Mr. Ji, Mr. Jiang Xiyong (蔣希勇) ("**Mr. Jiang**"), Cabnetvic, Cabnetwa, Cabnetsa, Joy Kalton Company Limited ("**Joy Kalton**"), Xylo Yonder Company Limited ("**Xylo Yonder**"), Ms. Chau, Let It Bee Company Limited ("**Let it Bee**"), Shirazvic Company Limited ("**Shirazvic**"), Carltonvic Company Limited ("**Carltonvic**"), Tencent Mobility Limited ("**Tencent Mobility**"), CCRE Investment Holdings Ltd. ("**CCRE Investment**"), Qian Linklogis Limited ("**LVC Qian**"), Tan Linklogis Limited ("**LVC Tan**"), Zhong Hang Investment Management Limited ("**Zhong Hang Investment**"), Le Linklogis Limited ("**LVC Le**"), BAI GmbH ("**BAI**"), China Merchants Venture Capital Fund, L.P. (招商局創新投資基金有限合夥企業) ("**China Merchants Venture**"), Cabnetnt, Double Combo Holding Limited ("**Double Combo**"), LLS Holding Limited ("**LLS Holding**"), Loyal Valley Capital Advantage Fund LP ("**LVC LP**"), Golden Valley Global Limited ("**Golden Valley**"), OWAP Investment Pte Ltd ("**GIC SPV**"), GLP China Capital Investment 1 Limited ("**GLP**"), Oceanwide Elite Limited Partnership ("**Oceanwide**"), Welight Capital L.P. ("**Welight Capital**"), Shenzhen Nanshan Skyworth Industry of Information Technology Venture Capital Fund (Limited Partnership) (深圳南山創維信息技術產業創業投資基金(有限合夥)) ("**Shenzhen Skyworth**") and Standard Chartered Bank, pursuant to which shareholder rights were agreed among the parties;

(2) an amended agreement dated October 27, 2020 to the Shareholders Agreement entered into among our Company, Linklogis Hong Kong, Linklogis Supply Chain Services, Linklogis Digital, Mr. Song, Mr. Ji, Mr. Jiang, Cabnetvic, Cabnetwa, Cabnetsa, Joy Kalton, Xylo Yonder, Ms. Chau, Let It Bee, Shirazvic, Carltonvic, Tencent Mobility, CCRE Investment, LVC Qian, LVC Tan, Zhong Hang Investment, LVC Le, BAI, China Merchants Venture, Cabnetnt, Double Combo, LLS Holding, LVC LP, Golden Valley, GIC SPV, GLP, Oceanwide, Welight Capital, Shenzhen Skyworth and Standard Chartered Bank, pursuant to which certain amendments were made to the terms of the Shareholders Agreement;

(3) a second amendment agreement dated December 25, 2020 to the Shareholders Agreement entered into among our Company, Linklogis Hong Kong, Linklogis Supply Chain Services, Linklogis Digital, Mr. Song, Mr. Ji, Mr. Jiang, Cabnetvic, Cabnetwa, Cabnetsa, Joy Kalton, Xylo Yonder, Ms. Chau, Let It Bee, Shirazvic, Carltonvic, Tencent Mobility, CCRE Investment, LVC Qian, LVC Tan, Zhong Hang Investment, LVC Le, BAI, China Merchants Venture, Cabnetnt, Double Combo, LLS Holding, LVC LP, GIC SPV, GLP, Oceanwide, Welight Capital, Shenzhen Skyworth and Standard Chartered Bank, pursuant to which certain amendments were made to the terms of the Shareholders Agreement;

(4) the restated and amended exclusive service agreement dated November 9, 2020 between Linklogis Supply Chain Services and Linklogis Digital, pursuant to which Linklogis Digital agreed to engage Linklogis Supply Chain Services as its exclusive provider of technical support, consultation and other services in exchange for a quarterly service fee;

(5) the restated and amended exclusive option agreement dated November 9, 2020 among Linklogis Supply Chain Services, the Relevant Shareholders, the Other Parties (as defined in the section headed "Contractual Arrangements" in this document) and Linklogis Digital, pursuant to which Linklogis Supply Chain Services has a right to require the Relevant Shareholders to transfer any and all of the equity interest/assets of Linklogis Digital they hold to Linklogis Supply Chain Services and/or a third party designated by it, in whole or in part, at any time and from time to time, for a nominal price or at the lowest purchase price that permitted by the PRC laws;

(6) the restated and amended equity pledge agreement dated November 9, 2020 among Linklogis Supply Chain Services, the Relevant Shareholders, the Other Parties and Linklogis Digital, pursuant to which the Relevant Shareholders unconditionally and irrevocably pledged all of the equity interests of Linklogis Digital that they own, including any interest or dividend paid for equity interest, to Linklogis Supply Chain Services as a security for the performance of the obligations by Linklogis Digital under the restated and amended exclusive service agreement and duly performance of other agreements under the Contractual Arrangements except the restated and amended exclusive service agreement;

(7) the restated and amended proxy agreement and power of attorney dated November 9, 2020 among Linklogis Supply Chain Services, the Relevant Shareholders, the Other Parties and Linklogis Digital, pursuant to which the Relevant Shareholders irrevocably nominated and appointed Linklogis Supply Chain Services or any of its designated person(s) (including Directors and their successors and liquidators replacing our Directors) as their attorneys-in-fact to exercise certain rights on their behalf;

(8) the spousal undertakings dated November 9, 2020 and executed by Mr. Song, Mr. Ji, Ms. Chau and Mr. Jiang and their respective spouses in favor of the Company; and

(9) [**REDACTED**].

2. Intellectual property rights

(a) Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be material to our Group's business:

Trademark	Registered owner	Place of registration
	Linklogis Digital	PRC
Linklogis	Linklogis Digital	PRC
	Linklogis Digital	PRC
	Linklogis Digital	PRC
聯易融	Linklogis Digital	PRC

Trademark	Registered owner	Place of registration
联易融数科	Linklogis Digital	PRC
讯易链	Linklogis Digital	PRC
	Linklogis Digital	PRC
环融联易	Linklogis Digital	PRC
聯易融	Linklogis Digital	Hong Kong

(b) Patents

As of the Latest Practicable Date, our Group had registered the following patents which we consider to be material to our Group's business:

Patent	Registered owner	Place of registration
A program-controlled encrypted file storage system for blockchain and method thereof (一種用於區塊鏈的程控加密文件存儲系統及其方法)	Huanrong Lianyi Technology	PRC
Doll (Yixiaofeng) (公仔(易小蜂))	Huanrong Lianyi Technology	PRC
Data desensitization method and system enabling continuous Queries (可連續查詢的數據脱敏方法和系統)	Linklogis Digital	PRC

As of the Latest Practicable Date, our Group had made applications to register the following patents which we consider to be material to our Group's business:

Patent	Applicant	Place of application
Method, device, computer equipment and storage medium for blockchain data synchronization (區塊鏈的數據同步方法、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
ETL operation method and device for quickly-generating big data platform (快速生成大數據平台的ETL作業方法及裝置)	Huanrong Lianyi Technology	PRC
Method, device, computer equipment and storage medium for automatic generation of codes (代碼自動生成方法、裝置、 計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC

Patent	Applicant	Place of application
Method, device, computer equipment and storage medium for online editing of smart contracts (智能合約在線編輯方法、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, computer equipment and storage medium for developing smart contracts (智能合約開發方法、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
An method and system for automatic AI-based classification of contracts (一種基於人工智能的合同自動分類的方法及系統)	Huanrong Lianyi Technology	PRC
Method, device, computer equipment and storage medium for intelligent matching of financing plans (融資方案的智能匹配方法、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, computer equipment and storage medium for cutting and extracting pictures (切割及提取圖片的方法、 裝置、 計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, computer equipment and storage medium for storage of massive data in different databases (海量數據分庫存儲的方法、 裝置、 計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, system and storage medium for AI-based uploading of documents (基於人工智能的文件上傳方法、系統及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, system, computer equipment and storage medium for calling smart contracts (智能合約調用方法、裝置、系統、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, equipment and storage medium for realizing network intercommunication of Kubernetes cluster (實現Kubernetes集群的網絡互通方法、 裝置、 設備以及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, computer equipment and storage medium for generating internal primary key of smart contracts (智能合約內部主鍵生成方法、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, computer equipment and storage medium for recovering private key of blockchain accounts (區塊鏈賬戶私鑰恢復方法 、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC

Patent	Applicant	Place of application
Method, device, computer equipment and storage medium for deep search of corporate equity relationships (企業股權關係深度搜索方法 、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device and computer equipment for graph-based acquisition of connection relationship (基於圖的關聯關係獲取方法、 裝置及計算機設備)	Huanrong Lianyi Technology	PRC
A standard imaging method and device based on WeChat miniprogram (一種基於微信小程序的標準成像方法及裝置)	Huanrong Lianyi Technology	PRC
Blockchain-based information storage method, system, computer equipment and storage medium (基於區塊鏈的信息存儲方法、 系統、 計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, system, computer equipment and storage medium for packaging smart contracts (智能合約打包方法、 裝置、 系統、 計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Blockchain-based data storage method, device, computer equipment and storage medium (基於區塊鏈數據存儲方法、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, computer equipment and storage medium for automatic fusing and recovery of microservices (微服務自動熔斷和恢復方法、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, computer equipment and storage medium for deep search based on directed graph (基於有向圖的深度搜索方法 、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, computer equipment and storage medium for component-based rapid business choreography (基於組件化的快速編排業務的方法、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, computer equipment and storage medium for predicting winning rate of dispute cases (糾紛案件勝率預測方法、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
Method, device, computer equipment and storage medium for interface-enabled algorithm model (算法模型接口化方法、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC

Patent	Applicant	Place of application
Method, device, computer equipment and storage medium for corporate transaction information analysis (企業交易信息分析方法、裝置、計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC
A distributed call chain tracking method, device, computer equipment and storage medium (一種分佈式調用鏈跟踪方法、 裝置、 計算機設備及存儲介質)	Huanrong Lianyi Technology	PRC

(c) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be material to our Group's business:

Software (軟件)

Copyright	Registered owner	Place of registration
Linklogis Mascot (聯易融吉祥物)	Linklogis Digital	PRC
Linklogis Mascot Emoji Package Design (聯易融吉祥物表情包設計)	Linklogis Digital	PRC
Linklogis Xunyilian Platform Management Software V1.0 (聯易融訊易鏈平台管理端軟件V1.0)	Linklogis Digital	PRC
Linklogis Cross-border Supply Chain Finance Platform IM Software V1.0 (聯易融跨境供應鏈金融平台IM端軟件V1.0)	Linklogis Digital	PRC
Linklogis Piaoyipai Platform Management Software V1.0 (聯易融票一拍平台管理端軟件V1.0)	Linklogis Digital	PRC
Linklogis Inclusion Cloud Financial Service Platform Software V1.0 (聯易融普惠雲金融服務平台軟件V1.0)	Linklogis Supply Chain Services	PRC
Linklogis Blockchain Supply Chain Finance Platform Software V1.0.0 (聯易融區塊鏈供應鏈金融平台軟件V1.0.0)	Huanrong Lianyi Technology	PRC
Linklogis Blockchain Cloud Service Platform Software V1.0.0 (聯易融區塊鏈雲服務平台軟件V1.0.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Court Document AI Analysis System Software V1.0 (前海環融聯易法院文書AI分析系統軟件V1.0)	Huanrong Lianyi Technology	PRC

Copyright	Registered owner	Place of registration
Qianhai Linklogis Contract AI Intelligent Review System Software V1.0 (前海環融聯易合同AI智能審查系統軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Invoice OCR Identification System Software V1.0 (前海環融聯易發票OCR識別系統軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Business License OCR Identification System Software V1.0 (前海環融聯易營業執照OCR識別系統軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis CSDC AI Analysis System Software V1.0 (前海環融聯易中登登記AI分析系統軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Blockchain Smart Contract System Software V1.0 (前海環融聯易區塊鏈智能合約系統軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Blockchain Transaction Service System Software V1.0 (前海環融聯易區塊鏈交易服務系統軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Bee Factoring Client Software V1.0 (前海環融聯易蜜蜂保理客戶端軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Blockchain Privacy Protection and CA Certification System Software V1.0 (前海環融聯易區塊鏈隱私保護與CA認證系統軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Multi-tier Transfer System Software V1.0 (前海環融聯易多級流轉系統軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Blockchain BASS Platform Software V1.0 (前海環融聯易區塊鏈BASS平台軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Cross-border Blockchain Platform Asset Management Software V1.0.0 (前海環融聯易跨境區塊鏈平台資產整理端軟件V1.0.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Bee Assistant System Software V1.0 (前海環融聯易蜜蜂助手系統軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Blockchain Sharing Service System Software V1.0 (前海環融聯易區塊鏈共享服務系統軟件V1.0)	Huanrong Lianyi Technology	PRC

Copyright	Registered owner	Place of registration
Qianhai Linklogis Blockchain Identity Service System Software V1.0 (前海環融聯易區塊鏈身份服務系統軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Beecontrol Platform Software V2.0 (前海環融聯易蜂控平台軟件V2.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Cross-border Supply Chain Finance Platform Big Data Risk Control Software V1.0 (前海環融聯易跨境供應鏈金融平台大數據風控端軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis Smart Financial Service Platform Government Management Software V1.0 (前海環融聯易智慧金融服務平台政府管理端軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis WeChain Platform Anchor Miniprogram Software V1.0 (前海環融聯易微企鏈平台核心企業端小程序軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis ABS Blockchain Cloud Platform Software V1.0 (前海環融聯易ABS區塊鏈雲平台軟件V1.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis AMS Supply Chain Finance Cloud Platform Software V2.0 (前海環融聯易AMS供應鏈金融雲平台軟件V2.0)	Huanrong Lianyi Technology	PRC
Qianhai Linklogis ABS Asset Securitization Platform Software V1.0 (前海環融聯易ABS資產證券化平台軟件V1.0)	Huanrong Lianyi Technology	PRC

(d) Domain names

As of the Latest Practicable Date, we owned the following domain names which we consider to be material to our Group's business:

Domain Name	Registered owner	Expiry date (dd/mm/yyyy)
linklogis.com	Linklogis Digital	18/02/2021
linklogis.net	Huanrong Lianyi Technology	11/10/2021
llschain.com	Huanrong Lianyi Technology	18/10/2021
weqchain.com	Huanrong Lianyi Technology	12/12/2021
beetrust.com	Huanrong Lianyi Technology	19/07/2023

Save as aforesaid, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' service contracts and appointment letters

Executive Directors

Each of our executive Directors has entered into a service contract with our Company on [●], 2021. Pursuant to their respective service contracts, they agreed to act as executive Directors for an initial term of [three years] commencing from the [**REDACTED**]. Either party has the right to give not less than [three months'] written notice to terminate the agreement. Details of our Company's remuneration policy is described in the section headed "Directors and Senior Management — Remuneration of Directors and Senior Management."

No annual director's fees are payable to the executive Directors under the current arrangement. The appointment of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

Non-executive Directors and Independent non-executive Directors

Each of our non-executive Directors and independent non-executive Directors has entered into an appointment letter with our Company on [●], 2021. The initial term of their appointment shall be [three years] from the [**REDACTED**], and may be terminated by either party giving to the other not less than [one month's] prior notice in writing. Under these appointment letters, each of the independent non-executive Directors [will] receive a fixed Directors' fee while non-executive Directors are [not entitled] to any remuneration. The appointments of the non-executive Directors and independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

2. Remuneration of Directors

(1) The aggregate amount of remuneration of our Directors (including salaries, allowances, benefits-in-kind, discretionary bonuses, retirement scheme contributions and other share-based compensation) of approximately RMB9.6 million, RMB9.7 million and RMB12.8 million in aggregate were paid and granted by our Group to our Directors in respect of the years ended December 31, 2018, 2019, and the nine months ended September 30, 2020.

(2) Under the arrangements currently in force at the date of this document, our Directors will be entitled to receive remuneration and benefits in kind (excluding share-based compensation, which may be paid to any Directors) which, for the year ending December 31, 2020, is expected to be approximately RMB8.9 million in aggregate.

(3) None of our Directors has or is proposed to have a service contract with our Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Disclosure of interests

***Interests and short positions of our Directors in the share capital of our Company and its associated corporations following completion of the* [REDACTED]**

Immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the interests and/or short positions (as applicable) of our Directors and chief executives in the shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which he is 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, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to our Company and the Stock Exchange, will be as follows:

(a) Interest in Shares of our Company

Name of Director	Nature of interest	Number and class of securities	Approximate percentage of shareholding of each class of shares in our Company immediately after the [REDACTED] (assuming the [REDACTED] is not exercised)[(1)]
Mr. Song[(2)]	Interest in controlled corporation	[**REDACTED**] Class A Shares	[**REDACTED**]%
		[**REDACTED**] Class B Shares	[**REDACTED**]%

Name of Director	Nature of interest	Number and class of securities	Approximate percentage of shareholding of each class of shares in our Company immediately after the [**REDACTED**] (assuming the [**REDACTED**] is not exercised)[(1)]
Mr. Ji[(3)]	Interest in controlled corporation	[**REDACTED**] Class B Shares	[**REDACTED**]%
	Beneficial interest	[**REDACTED**] Class B Shares	[**REDACTED**]%
Ms. Chau[(4)]	Interest in controlled corporation	[**REDACTED**] Class B Shares	[**REDACTED**]%
	Beneficial interest	[**REDACTED**] Class B Shares	[**REDACTED**]%

Notes:

(1) The table above is calculated on the basis that a total of [**REDACTED**] Shares will be in issue immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), which comprises of [**REDACTED**] Class A Shares and [**REDACTED**] Class B Shares.

(2) Mr. Song is deemed to be interested in the total number of Shares held by each of Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt. Upon completion of the [**REDACTED**], Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt will beneficially hold [**REDACTED**] Class A Shares, [**REDACTED**] Class A Shares, [**REDACTED**] Class A Shares, and [**REDACTED**] Class B Shares, respectively, and are wholly-owned by Mr. Song.

(3) Mr. Ji is deemed to be interested in the total number of Shares held by Joy Kalton. Upon completion of the [**REDACTED**], Joy Kalton will beneficially hold [**REDACTED**] Class B Shares, and is wholly-owned by Mr. Ji. Mr. Ji is also granted RSUs in respect of 326,000 Class B Shares under the Equity Incentive Plan.

(4) Ms. Chau is deemed to be interested in the total number of Shares held by Let It Bee. Upon completion of the [**REDACTED**], Let It Bee will beneficially hold [**REDACTED**] Class B Shares, and is wholly-owned by Ms. Chau. Ms. Chau is also deemed to be interested in the total number of Shares held by Shirazvic, which is held as to approximately 35.30% by Ms. Chau through Let It Bee. Upon completion of the [**REDACTED**], Shirazvic will hold [**REDACTED**] Class B Shares. Ms. Chau is also granted RSUs in respect of 260,000 Class B Shares under the Equity Incentive Plan.

Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following the completion of the [**REDACTED**], have or be deemed or taken to have beneficial interests or short positions in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, please see the section headed "Substantial Shareholders" of this document.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [**REDACTED**], be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such capital.

4. Disclaimers

Save as disclosed in this document:

(1) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Group and any member of our Group;

(2) none of our Group or the experts named in the section headed "E. Other Information — Consents of experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(3) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of our Company within the two years ended on the date of this document;

(4) none of our Group is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(5) taking no account of any Shares which may be taken up under the [**REDACTED**] and allotted, so far as is known to any Director or chief executive of our Company, no other person (other than a Director or chief executive of our Company) will, immediately following completion of the [**REDACTED**], have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of our Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(6) none of our Group or chief executive of our Company has any interests or short positions in the Shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange once the Shares are [**REDACTED**] thereon.

D. EQUITY INCENTIVE PLAN

On January 24, 2019, we adopted the Equity Incentive Plan, which has been amended and restated on November 25, 2020 (the "**Adoption Date**"), in preparation of the [**REDACTED**] and to diversify the forms of award to be granted under the Equity Incentive Plan. For the purpose of satisfying Award grants made under the Equity Incentive Plan, we allotted and issued [14,551,513] ordinary shares to the Equity Incentive Holdco, being a limited liability company incorporated in the BVI and a special purpose vehicle wholly-owned by Trident Trust Company (HK) Limited, which is the trustee of LLS Trust, established for the purpose of holding shares pursuant to the Equity Incentive Plan. As of the Latest Practicable Date, an aggregate of [6,121,774] RSUs in respect of [6,121,774] shares have been granted to [109] employees (including [5] Directors and members of the senior management of our Company in total) of our Group pursuant to the Equity Incentive Plan.

Summary of Terms

The following is a summary of the principal terms of the Equity Incentive Plan.

(a) Purposes of the Equity Incentive Plan

The purpose of the Equity Incentive Plan is to aid our Company and our affiliates in recruiting and retaining key employees, directors or consultant of outstanding ability and to motivate such employees, directors, or consultants to exert their best efforts on behalf of our Company and our affiliates.

(b) Grant of Awards

The Equity Incentive Plan provides for awards of options to subscribe for Shares ("**Options**") and receive a grant of a hypothetical number of Shares ("**RSUs**") (collectively, the "**Awards**").

The Committee is authorized to grant Awards to Participants pursuant to the Equity Incentive Plan.

(c) Exercise of Options

Except as otherwise provided in the Equity Incentive Plan or in an Award agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable.

(d) Settlement of RSUs

RSUs that will be settled upon vesting, subject to the terms of the applicable Award agreement, either by delivery to the holder of the number of Shares that equals the number of RSUs that then become vested or by the payment to the holder of cash equal to the then fair market value of that number of Shares.

(e) Term

An Award granted under the Equity Incentive Plan shall lapse on the tenth anniversary of the date of granting the Award.

(f) Maximum Numbers of Shares subject to Equity Incentive Plan

The total number of Shares which may be issued or transferred under the Equity Incentive Plan is [14,551,513] ordinary shares.

(g) Vesting

The Awards granted to the Participant shall be vested over a four-year period, with a one-year cliff. The Committee at its sole discretion can set additional vesting requirements which may include, but not limited to, criteria based on the Participant's duration of employment, the result of Participant's performance assessment or any other criteria selected by the Committee. At any time after grant of an Award, the Committee may by its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Award vests.

The Committee shall determine conditions or terms, if any, that must be satisfied before all or part of a vested Option may be exercised or a vested RSU may be settled.

(h) Effectiveness of the Equity Incentive Plan

The Equity Incentive Plan shall be effective as of its adoption by the Board and shall terminate fifteen years later, subject to earlier termination by the Committee pursuant to the Equity Incentive Plan.

(i) Administration of the Equity Incentive Plan

The Equity Incentive Plan shall be subject to the administration of the Committee. Subject to any specific designation in the Equity Incentive Plan, the Committee has the exclusive power, authority and sole discretion to:

(i) designate a Participant to receive Awards;

(ii) determine the type or numbers of Awards to be granted to each Participant;

(iii) determine the terms and conditions of any Award granted pursuant to the Equity Incentive Plan, including, but not limited to, the exercise price; the time or times when Options may be exercised or RSUs may be vested, or Options or RSUs may be forfeited (which in each case may be based on performance criteria); any vesting acceleration; and any restriction or limitation regarding any Award or Shares relating thereto, based in each case on such factors as the Committee may determine;

(iv) determine whether and under what circumstances an RSU may be settled in cash instead of Shares;

(v) allow holders of Options or other Awards to satisfy withholding tax obligations by electing to have our Company withhold from the Shares to be issued upon exercise of an Option or other Award that number of Shares having a fair market value equal to the amount required to be withheld. The fair market value of the Shares to be withheld will be determined on the date that the amount of tax to be withheld is to be determined. All elections by holders to have Shares withheld for this purpose will be made in such form and under such conditions as the Committee may deem necessary or advisable;

(vi) correct any defect or reconcile any inconsistency in the Equity Incentive Plan in the manner and to the extent the Committee deems necessary or desirable;

(vii) interpret the terms of, and any matter arising pursuant to, the Equity Incentive Plan or any Award agreement; and

(viii) make all other decisions and determinations that may be required pursuant to the Equity Incentive Plan or as the Committee deems necessary or advisable to administer the Equity Incentive Plan.

(j) Granting of Awards

The Committee may, from time to time, select for Participants those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Equity Incentive Plan.

Each Award shall be evidenced by an Award agreement between our Company and the Participant. The Award agreement shall include such additional provisions as may be specified by the Committee.

(k) Amendments or Termination

The Committee may amend, alter or discontinue the Equity Incentive Plan, but no amendment, alteration or discontinuation shall be made, (a) without the approval of the shareholders of our Company, if such action would increase the total number of Shares reserved for the purposes of the Equity Incentive Plan or change the maximum number of Shares for which Awards may be granted to any Participant, in each case only to the extent such approval is required by the principal national securities exchange on which the Shares are listed or admitted to trading, or (b) without the consent of a Participant, if such action would diminish any of the rights of the Participant under any Award theretofore granted to such Participant under the Equity Incentive Plan; provided, however, that the Committee may amend the Equity Incentive Plan in such manner as it deems necessary to permit the granting of Awards meeting the requirements of any applicable laws.

(l) RSUs granted under the Equity Incentive Plan

As at the Latest Practicable Date, an aggregate of 6,121,774 RSUs in respect of [6,121,774] shares have been granted to 109 employees (including 5 Directors and members of the senior management of our Company in total) of our Group pursuant to the Equity Incentive Plan, representing approximately [**REDACTED**]% of the issued share capital of our Company upon completion of the [**REDACTED**] assuming the [**REDACTED**] is not exercised.

Save as disclosed herein, no Awards have been granted to any directors, senior management and other employees of our Group or their affiliates or other eligible persons pursuant to the Equity Incentive Plan, and [14,551,513] shares have been reserved and are currently held by Carltonvic Company Limited for further grant or vesting of the Awards under the Equity Incentive Plan. Carltonvic Company Limited is a special purpose vehicle managed by the trustee of the LLS Trust, Trident Trust Company (HK) Limited, established for the purpose of holding shares pursuant to the Equity Incentive Plan.

Below is a list of grantees of the RSUs under the Equity Incentive Plan as at the Latest Practicable Date:

Name of Grantee	Number of Shares underlying the RSUs granted	Date of Grant	Vesting Period (subject to other conditions under the Equity Incentive Plan)	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
Directors				
Mr. Ji	[326,000]	January 1, 2020	25% of which have been vested 25% of which will be vested in January 2022 25% of which will be vested in January 2023 25% of which will be vested in January 2024	[REDACTED]%
Ms. Chau	[260,000]	January 1, 2020	25% of which have been vested 25% of which will be vested in January 2022 25% of which will be vested in January 2023 25% of which will be vested in January 2024	[REDACTED]%
Senior management (other than executive directors)				
Mr. Zhong Songran	[201,000]	January 1, 2020	25% of which have been vested 25% of which will be vested in January 2022 25% of which will be vested in January 2023 25% of which will be vested in January 2024	[REDACTED]%

Name of Grantee	Number of Shares underlying the RSUs granted	Date of Grant	Vesting Period (subject to other conditions under the Equity Incentive Plan)	Approximate percentage of issued Shares immediately after completion of the [REDACTED]
Mr. Li Xiaogang	[130,000]	October 1, 2020	25% of which will be vested in October 2021 25% of which will be vested in October 2022 25% of which will be vested in October 2023 25% of which will be vested in October 2024	[REDACTED]%
Mr. Zhao Yu	[1,250,000]	May 5, 2019	25% of which have been vested 25% of which will be vested in May 2021 25% of which will be vested in May 2022 25% of which will be vested in May 2023	[REDACTED]%
Subtotal:	[2,167,000]			[REDACTED]%
[104] other employees of our Group	[3,954,774]	January 24, 2019 to October 1, 2020	4 years	[REDACTED]%
Total	[6,121,774]			[REDACTED]%

E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the [**REDACTED**] of, and permission to deal in, the Class B Shares in issue and the Class B Shares to be issued pursuant to the [**REDACTED**] (including any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**]) and the Class B Shares that are issuable upon conversion of Class A Shares.

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 US$500,000 for acting as the Joint Sponsors for the [**REDACTED**].

4. Consents of experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included:

Name	Qualification
Goldman Sachs (Asia) L.L.C.	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on future contracts), Type 6 (advising on corporation finance) and Type 9 (asset management) regulated activities as defined under the SFO
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO for 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 as defined under the SFO
Commerce & Finance Law Offices	Qualified PRC Lawyers
Harney Westwood & Riegels	Cayman Islands attorneys-at-law
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
China Insights Industry Consultancy Limited	Industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for securities, in any member of our Group.

5. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

6. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Preliminary expenses

Our Company did not incur any material preliminary expenses.

8. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of shares registered with our Hong Kong register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, of the value of the shares being sold or transferred. Profits from dealings in the shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of shares in our Company.

(c) People's Republic of China

We may be treated as a PRC resident enterprise for PRC enterprise income tax purposes. In that case, distributions to our Shareholders may be subject to PRC withholding tax and gains from dispositions of our Shares may be subject to PRC tax. See the section headed "Risk Factors — Risks Relating to Conducting Operations in the PRC — We may be deemed to be a Chinese tax resident under the Enterprise Income Tax Law in which case our global income may be subject to Chinese enterprise income tax under the Enterprise Income Tax Law, dividends paid on our ordinary shares may be subject to PRC withholding tax and gains from disposition of our shares may be subject to PRC tax" of this document.

(d) Consultation with professional advisors

Potential investors 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, and dealing in our Shares (or exercising rights attached to them). None of our Company, our Directors or the other parties 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, dealing in or the exercise of any rights in relation to our Shares.

9. Other Disclaimers

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise; and

(ii) no commissions, discounts, brokerages or other special terms have been granted, have been paid or are payable in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.

(b) Save as disclosed in this document:

(i) we do not have any promoter. 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;

(ii) there are no founder, management or deferred shares in our Company or any of our subsidiaries; and

(iii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(c) Save as disclosed in this document, our Group had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities.

(d) Our Directors confirm that:

(i) there is no arrangement under which future dividends are waived or agreed to be waived; and

(ii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.

(e) The principal register of members of our Company will be maintained in the Cayman Islands by our [**REDACTED**] and Transfer Office. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our [**REDACTED**].

(f) All necessary arrangements have been made to enable the securities to be admitted into CCASS for clearing and settlement.

(g) No company within our Group is presently listed on any stock exchange or traded on any trading system.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) a copy of [**REDACTED**];

(b) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 4. Consents of experts" in Appendix IV to this document; and

(c) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about our Business — 1. Summary of material contracts" in Appendix IV to this document.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Davis Polk & Wardwell at 18th Floor, The Hong Kong Club Building, 3A Chater Road, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this document:

(a) the Memorandum and the Articles;

(b) the Accountants' Report of our Group prepared by KPMG, the text of which is set out in Appendix I to this document;

(c) the report on the [**REDACTED**] of our Group issued by KPMG, the text of which is set out in Appendix II to this document;

(d) the audited consolidated financial statements of our Company for the two financial years ended December 31, 2018 and 2019;

(e) the legal opinions as to the laws of PRC issued by Commerce & Finance Law Offices, our legal advisor on the laws of PRC, in respect of certain general corporate matters and property interests of our Group;

(f) the letter of advice prepared by Harney Westwood & Riegels, our legal advisor on Cayman Islands law, summarizing certain aspects of the company laws of the Cayman Islands referred to in Appendix III to this document;

(g) the Cayman Companies Act;

(h) the industry report issued by China Insights Industry Consultancy Limited, from which information in the section headed "Industry Overview" of this document is extracted;

(i) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 4. Consents of experts" in Appendix IV to this document;

(j) the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about our Business — 1. Summary of material contracts" in Appendix IV to this document;

(k) the service contracts and the letters of appointment with our Directors referred to in the section headed "Statutory and General Information — C. Further Information about our Directors — 1. Particulars of Directors' service contracts and appointment letters" in Appendix IV to this document; and

(l) the terms of the Equity Incentive Plan.