NEWLINK TECHNOLOGY INC.
新紐科技有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9600

GLOBAL OFFERING

Sole Sponsor

MONT AVENIR 未來金融

Sole Global Coordinator, Lead Bookrunner and Lead Manager

MONT AVENIR 未來金融

Joint Bookrunners and Joint Lead Managers

浦銀國際 SPDB INTERNATIONAL

富途證券

AMTD 尚乘

CMS 招商證券國際

* *For identification purposes only*

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

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Global Offering

Total number of Offer Shares under the Global Offering	:	**200,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Public Offer Shares	:	**20,000,000 Shares (subject to adjustment)**
Number of International Offer Shares	:	**180,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	:	**HK$4.36 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund)**
Nominal value	:	**US$0.000001 per Share**
Stock code	:	**9600**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator, on behalf of the Underwriters, and our Company on or before Thursday, December 24, 2020 or such later time as may be agreed between the parties, but in any event, no later than Tuesday, January 5, 2021. Applicants for Hong Kong Public Offer Shares are required to pay, on application, the maximum Offer Price of HK$4.36 for each Hong Kong Public Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK$4.36. If, for any reason, the Sole Global Coordinator, on behalf of the Underwriters, and our Company are unable to reach an agreement on the Offer Price by Tuesday, January 5, 2021, the Global Offering will not become unconditional and will lapse immediately. The Offer Price will be not more than HK$4.36 per Share and is expected to be not less than HK$3.06 per Share although the Sole Global Coordinator, on behalf of the Underwriters, and our Company may agree to a lower price. The Sole Global Coordinator, on behalf of the Underwriters, may, with the consent of our Company, reduce the number of Hong Kong Public Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (being HK$3.06 per Share to HK$4.36 per Share) at any time on or prior to the morning of the last date for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Public Offer Shares and/or the indicative Offer Price range will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.xnewtech.com** as soon as practicable but in any event not later than the morning of the day which is the latest day for lodging applications under the Hong Kong Public Offering. For further information, see the sections headed "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, and in particular, the risk factors set out in the section headed "Risk Factors."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Public Offer Shares, are subject to termination by the Sole Global Coordinator, for itself and on behalf of the Hong Kong Underwriters, if certain grounds arise prior to 8:00 a.m. on the Listing Date. Further details of such grounds are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Grounds for Termination." It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in accordance with Regulation S.

* *For identification purposes only*

December 21, 2020

If there is any change in the following expected timetable of the Hong Kong Public Offering, our Company will issue an announcement to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.xnewtech.com**.

	Date[1]
Hong Kong Public Offering commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Monday, December 21, 2020
Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2]	11:30 a.m. on Thursday, December 24, 2020
Application lists of the Hong Kong Public Offering open[3]	11:45 a.m. on Thursday, December 24, 2020
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Thursday, December 24, 2020
Latest time for completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Thursday, December 24, 2020
Latest time for giving **electronic application instructions** to HKSCC[4]	12:00 noon on Thursday, December 24, 2020
Application lists of the Hong Kong Public Offering close[2]	12:00 noon on Thursday, December 24, 2020
Expected Price Determination Date[5]	Thursday, December 24, 2020
Announcement of the Offer Price and the indication of the levels of interest in the International Offering, the level of applications in respect of the Hong Kong Public Offering and the basis of allotment of the Hong Kong Public Offer Shares to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.xnewtech.com** on or before	Tuesday, January 5, 2021
Results of allocation in the Hong Kong Public Offering (with successful applicants' identification document numbers, where applicable) to be available through a variety of channels as described in the section headed "How to apply for Hong Kong Public Offer Shares" from	Tuesday, January 5, 2021

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function . . . . .Tuesday, January 5, 2021

Despatch/Collection of share certificates in respect of wholly or partially successful applications on or before[6]. . . . . .Tuesday, January 5, 2021

Despatch/Collection of **White Form** e-Refund payment instructions or refund checks in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications on or before[7] . . . . .Tuesday, January 5, 2021

Dealings in Shares on the Stock Exchange to commence on . . . . .Wednesday, January 6, 2021

There is a gap of eight business days between the commencement of the Hong Kong Public Offering on Monday, December 21, 2020 and the refund date of application monies on Tuesday, January 5, 2021. During this period, the application monies (including the brokerage, SFC transaction levies and Stock Exchange trading fee) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Tuesday, January 5, 2021. Investors should be aware that dealings in our Shares on the Stock Exchange are expected to commence on Wednesday, January 6, 2021.

Notes:

(1) All times refer to Hong Kong local time. Details of the structure and conditions of the Global Offering are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

(2) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a "black" rainstorm warning, a tropical cyclone warning signal number eight or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, December 24, 2020, the application lists will not open and close on that day. Further information is set out in the paragraph headed "Effect of bad weather on the opening of the application lists" under the section headed "How to apply for Hong Kong Public Offer Shares" in this prospectus. If the application lists do not open and close on Thursday, December 24, 2020, the dates mentioned in this section headed "Expected Timetable" may be affected. An announcement will be made by our Company in such event.

(4) Applicants who apply by giving **electronic application instructions** to the HKSCC should refer to the paragraph headed "Applying by giving **electronic application instructions** to HKSCC via CCASS" under the section headed "How to apply for Hong Kong Public Offer Shares" in this prospectus.

(5) The Price Determination Date is expected to be on or around Thursday, December 24, 2020 and, in any event, not later than Tuesday, January 5, 2021. If, for any reason, the Offer Price is not agreed by Tuesday, January 5, 2021 between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed.

(6) Share certificates for the Hong Kong Public Offer Shares are expected to be issued on Tuesday, January 5, 2021 but will only become valid certificates of title at 8:00 a.m. on the Listing Date, provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the paragraph headed "Grounds for termination" under the section headed "Underwriting" in this prospectus has not been exercised and has lapsed.

(7) e-Refund payment instruction or refund checks will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund check.

Applicants who apply on **WHITE** Application Forms for 1,000,000 Shares or more under the Hong Kong Public Offering and have provided all required information in their Application Forms may collect refund checks (where applicable) and (where applicable) share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, January 5, 2021. Identification and (where applicable) authorization documents acceptable to Computershare Hong Kong Investor Services Limited must be produced at the time of collection.

Applicants who apply via the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** for 1,000,000 Shares or more under the Hong Kong Public Offering, may collect share certificates (where applicable) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, January 5, 2021. Identification and (where applicable) authorization documents acceptable to Computershare Hong Kong Investor Services Limited must be produced at the time of collection. Applicants who apply via the **White Form eIPO** service by paying the application monies through a single bank account, e-Refund payment instructions (if any) will be despatched to their application payment bank account on Tuesday, January 5, 2021. Applicants who apply via the **White Form eIPO** service by paying the application monies through multiple bank accounts, refund check(s) will be despatched to the address specified in their **White Form eIPO** application on or before Tuesday, January 5, 2021, by ordinary post and at their own risk.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Shares or more under the Hong Kong Public Offering and have provided all required information in their Application Forms may collect refund checks in person (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund checks for applicants who apply on **YELLOW** Application Forms for Shares is the same as that for **WHITE** Application Form applicants. Uncollected checks will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the paragraph headed "Despatch/Collection of Share Certificates and Refund Monies" under the section headed "How to apply for Hong Kong Public Offer Shares" in this prospectus. For details of the structure and conditions of the Global Offering, see "Structure and Conditions of the Global Offering."

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

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Public Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Public Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus or the Application Forms must not be relied on by you as having been authorized by our Company, the Sole Global Coordinator, any of the Underwriters, any of our or their respective directors, officers, representatives, or affiliates, or any other person or party involved in the Global Offering. Information contained in our website, located at ***www.xnewtech.com****, does not form part of this prospectus.*

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set forth in the section headed "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are an IT solution provider focusing primarily on traditional software-driven solutions for financial institutions during the Track Record Period and we are also committed to providing innovative software-driven solutions, including solutions powered by data analysis and image and text recognition technologies, for both financial institutions and healthcare institutions. According to the CIC Report, traditional software-driven solutions refer to solutions that facilitate the digitalization of various institutions focusing on the collection and storage of data, mainly based on software or locally deployed IT systems; and innovative software-driven solutions include data-driven systems involving advanced analytics and technologies including cloud computing, AI, IoT, etc, where user data and feedbacks will be shared and analyzed for further applications, as well as IT solutions developed for newly-emerged businesses. According the CIC Report, in additional to a traditional IT solution provider, we are also a provider for innovative IT solutions because our innovative IT solutions adopt the advanced technologies, including data analysis and image and text recognition technologies, and some of them are also developed for newly-emerged businesses for financial institutions and healthcare institutions. According to the CIC Report, we are a top 100 provider of over 2,500 providers of IT solutions for financial institutions in China in terms of sales revenue in 2019, and we are also a provider of healthcare IT solutions in China, with solutions including featured medical quality control and safety warning system, which enables supervisors and department directors at hospitals to monitor the behavior of healthcare professionals on a real-time basis. Our solutions enable financial institutions, healthcare institutions and other enterprises to achieve intelligent business processing and data visualization, improve operational efficiency and optimize service quality. We focus on serving financial institutions and healthcare institutions, many of which are banks and hospitals and are closely connected to people's daily life, and through providing such institutions with both traditional and innovative IT solutions, we aim to improve the general public's experience in their daily use of financial or healthcare services.

We focused primarily on our traditional software-driven solutions and generated the majority of our total revenue from our traditional software-driven solutions during the Track Record Period. Since Mr. Zhai's acquisition of Beijing Newlink in December 2016, we have been consistently focusing on providing software development services, technical and maintenance services and self-developed software products. Right after Mr. Zhai's acquisition, we have actively explored business opportunities, and obtained industry recognition and business relationships with potential customers, leveraging our management's extensive experience and expertise in the IT solution market and finance industry. With our experience accumulated in the development and provision of our traditional software-driven solutions and to keep abreast to the constant development of information technology, we have explored new business opportunities by developing innovative software-driven solutions, including solutions powered by data analysis and image and text recognition technologies, and started to generate revenue from such solutions since 2018. We expect that we will continue to generate the majority of our total revenue from our traditional software-driven solutions in the near future, and that we will continue to diversify our solution offerings and support our long-term business growth by investing in the development of our innovative software-driven solutions, including solutions powered by data analysis and image and text recognition technologies.

We provide financial institutions, primarily including banks, trust companies and asset management companies, with a comprehensive spectrum of solutions, such as BEAI platform, over-the-counter bond bookkeeping system, distributed trading platform and RPA solution, to help refine their financial services, data management, security management and operation management and enable them to better serve their clients in new business scenarios and adapt to changing regulatory requirements. Our revenue generated from IT solutions for financial institutions was RMB20.7 million, RMB109.7 million, RMB127.0 million, RMB46.7 million and RMB53.1 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively, among which 100%, 90.6%, 76.3%, 72.3% and 92.8% was generated from traditional software-driven solutions, respectively. According to the CIC Report, we are an early mover in the market of over-the-counter bond bookkeeping system, and our over-the-counter bond bookkeeping system was implemented in nine banks as of March 31, 2020, representing 52.9% of a total of 17 banks that engaged third-party providers of such system in China as of the same date. Empowered by our technology capabilities, we also offer Robotic Process Automation solution, or RPA solution, to optimize operational efficiency of financial institutions by replacing labor intensive procedures with process automation through robotic execution. According to the CIC Report, we were one of less than ten domestic RPA solution providers for financial institutions in China that successfully commercialized RPA solutions and generated revenue, as of March 31, 2020.

On the other hand, we have placed much emphasis on responding and tackling pressing social needs in our innovative healthcare IT solutions, including medical quality control and safety warning system, critical values warning system, clinical pathway management system and telemedicine system, with application of healthcare data analysis, including data preprocessing, mining and visualization, for healthcare institutions in China. Benefiting from our management's industry insights, we have started our research and development of our medical quality control and safety warning system in January 2017, which later witnessed significant market potential driven by various favorable governmental policies regarding medical quality control and healthcare data analysis. Our revenue generated from IT solutions for healthcare institutions was nil, nil, RMB12.3 million, RMB4.0 million and RMB2.7 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively, all of which was generated from our innovative software-driven solutions. As we developed our system based on the customer's specific needs, we stood out among other competitors in the tendering process and successfully obtained our first engagement in the healthcare industry. We are a provider of medical quality control and safety warning system with real-time monitoring functions and intelligent analysis of full range of medical data acquired from existing medical databases of hospitals in China. We are committed to making improvements to healthcare quality by enabling hospitals to effectively monitor each aspect of their daily operations, efficiently analyze clinical data and timely respond to emergencies through application of healthcare data analysis, including data preprocessing, mining and visualization. Our medical quality control and safety warning system was first implemented in November 2018 in a Class III Grade A hospital in Chongqing with over 3.8 million annual outpatient visits and over 110,000 surgeries performed annually and helped it achieve comprehensive medical quality control and effectively reduce risk of medical disputes caused by medical malpractice. With our proven track record of successful system deployment, as of June 30, 2020, we expanded the implementation of our medical quality control and safety warning system to 44 hospitals, 29 of which were Class III Grade A hospitals, and entered into cooperation arrangements with 240 hospitals, over 70% of which were Class III Grade A hospitals, to implement such system in 2021. As of June 30, 2020, we recognized revenue from 33 hospitals of such hospitals.

We are a technology-driven company with good in-house research and development capabilities. Since our inception, our technical team has developed substantially all core technologies used in our solutions and commercialized over 30 IT solutions for financial institutions. Specifically, as of the Latest Practicable Date, our technical team has developed and utilized the following technologies during the research and development of our IT solutions:

- technologies relevant to data collection and preprocessing, including massive data search and collection, scattered data integration, highly concurrent data synchronization, high speed and reliable data transmission, and streaming computing technology for data cleansing;
- technologies relevant to distributed computing, including distributed and concurrent computing model for real-time massive data analysis, distributed server cluster for massive data calculation, and real-time risk identification and alert;
- technologies relevant to data analysis and data mining, including key and usable data extraction from raw data, massive data pattern and trend analysis, data analysis modeling, and forecast analysis based on past data pattern;
- technologies relevant to data visualization, including computer graphics and image processing technology, 3-D data modeling, dynamic data display, and computer vision and computer-aided design;
- technologies relevant to RPA and related technologies, including RPA for business process automation, natural language processing, machine learning, and image and text recognition; and
- technologies relevant to distributed trading architecture, including microservice architecture technology, distributed and parallel data processing, distributed database technology, and dynamic resource allocation technique. See "Business — Our Technologies" for more details.

We have built up and expanded our technical team from 127 technical staff as of December 31, 2016 to 403 technical staff as of June 30, 2020. We made significant investments into our research and development activities. During our Track Record Period, our research and development expenses increased significantly. Our research and development expenses were RMB3.2 million, RMB10.5 million, RMB14.3 million, RMB11.1 million and RMB3.5 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively, representing 15.2%, 8.7%, 9.6%, 19.8% and 5.9%, respectively, of our total revenue for the same periods. See "Financial Information — Period to Period Comparison of Results of Operations — Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019 — Research and development expenses." Driven by our competitive strengths, we experienced significant growth during the Track Record Period. We generate revenue from the provision of software development services, technical and maintenance services and software sales for financial institutions, healthcare institutions and other enterprises. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, we generated 100.0%, 91.4%, 71.5%, 69.7% and 88.9% of our total revenue, respectively, from our traditional software-driven solutions. During the same periods, our revenue contribution from our innovative software-driven solutions was nil, 8.6%, 28.5%, 30.3% and 11.1%, respectively. Our revenue increased significantly from RMB21.1 million in 2017 to RMB120.6 million in 2018, and further increased by 23.5% to RMB149.0 million in 2019. Our revenue increased by 4.6% from RMB56.2 million in the six months ended June 30, 2019 to RMB58.8 million in the six months ended June 30, 2020. Our net profit increased significantly from RMB1.5 million in 2017 to RMB31.1 million in 2018, and further increased by 6.4% to RMB33.1 million in 2019. Our net profit increased by 29.2% from RMB2.4 million in the six months ended June 30, 2019 to RMB3.1 million in the six months ended June 30, 2020. Our adjusted net profit, a non-HKFRS measure, increased significantly from RMB1.5 million in 2017 to RMB31.1 million in 2018, and further increased by 23.2% to RMB38.3 million in 2019. Our adjusted net profit increased significantly from RMB2.4 million in the six months ended June 30, 2019 to RMB11.3 million in the six months ended June 30, 2020. Our adjusted net profit represents our profit for the year/period excluding the effect of listing expenses. See "Financial Information — Key Components of Our Results of Operations — Non-HKFRS Measure."

OUR BUSINESS MODEL

We offer a wide range of solutions and services to address the demands of financial institutions, healthcare institutions and other enterprises. Our product and service offerings during the Track Record Period can be categorized into software development services, technical and maintenance services and software sales.

- *Software development services.* We have been focused on software development services right after Mr. Zhai's acquisition of Beijing Newlink in December 2016 and have since developed a wide spectrum of solutions. We develop software that meet customers' requirements and can be integrated into customers' existing systems. Our agreements with customers for software development services generally require customers to settle contract price in installments based on project milestones or periodically. For settlement in installments based on project milestones, after negotiations, we generally receive 30% of the total contract price after the signing of the contracts, 30% after the delivery of our IT solutions, 30% after the installation and inspection conducted by our customers, and 10% after the operation of our IT solutions for one year. For periodic settlement, we generally receive quarterly or monthly installment payments based on actual workload incurred during the term of the contracts. We recognize revenue generated from our software development services over time, using an appropriate method to measure progress towards complete satisfaction of the services. For contracts with a fixed price, we use input method to recognize revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services. For contracts that are billed based on hour of service provided, we use practical expedient to recognize revenue based on the amount to which we have a right to invoice. We recognize trade receivables only when our right to an amount of consideration becomes unconditional (i.e., only the passage of time is required before payment of the consideration is due). Our contracts are either with a fixed price or billed at a fixed amount for each hour of service provided. Therefore, contracts without a fixed price refer to those billed at a fixed amount for each hour of service provided, for which we use practical expedient to recognize revenue in the amount to which we have a right to invoice.

- *Technical and maintenance services.* Our customers typically engage us for maintenance services following their purchase of our IT solutions to optimize system performance and identify and resolve errors and defects. During the Track Record Period, we provided maintenance services to 98.3% of our customers following their purchase of our IT solutions, excluding those in the warranty period. We also provide technical support services based on customers' needs, by deploying technical staff to work at customers' premises, resolve technical issues and ensure smooth operations of customers' existing systems. Our customers typically enter into annual agreements with us for our technical and maintenance services, pursuant to which our customers pay us equal quarterly or monthly installment payments during the term of the contracts. We recognize revenue generated from our technical and maintenance services over the scheduled period on a straight-line basis or based on the actual workload incurred.

- *Software sales.* We sell our self-developed software products to our customers based on their system specifications and requirements. Depending on terms of our contracts with customers, we generally receive lump-sum payments upon delivery and implementation of such software products. We recognize revenue generated from our software sales at the point in time when the right to use the software is transferred to our customers, generally upon their acceptance.

The majority of our revenue is generally recognized over time using the appropriate methods as mentioned above, while our invoice is generally issued by our finance department to our customers based on pre-agreed amounts at different progress stages prescribed in relevant contract. Upon receipt of our invoices, our customers start their internal payment process. Due to the nature of our services, it may take time to collect all the necessary documents to support the project progress (such as forms of acceptance issued by our customers at different stages of the projects) before we issue our invoices to our customers. Therefore, there is a time gap between our revenue recognition and issue of invoices to our customers.

We have a limited operating history. See "Risk Factors — We may not be able to sustain our rapid growth, effectively manage our growth or implement our business strategies." We obtain business opportunities through direct sales and project tendering processes. Our success rate of tendering was approximately 63.3%, 64.3%, 71.6% and 56.7% for 2017, 2018, 2019 and the six months ended June 30, 2020, respectively. See "Business — Sales and Marketing — Tendering Process."

The pricing of our solutions is determined primarily based on the estimation of workload involved for the project execution, such as the number of staff to be allocated, their respective titles and cost per person and project duration. We also take into account the market demand and competitiveness of our solutions, the project nature, our expected profits and our past experience on similar projects when determining pricing for a project. We determine our pricing through negotiations with our customers or project tendering processes. We determine the pricing of our healthcare IT solutions products based on comprehensive consideration of (1) our estimation of workload involved for the project execution, such as the number of staff to be allocated, their respective titles and cost per person and project duration, (2) the market demand, and (3) the industry competition. According to the CIC Report, the competition is increasingly keen in the healthcare IT solution industry in China, accompanied with growing demands among healthcare institutions for innovative healthcare IT solutions with applications of advanced technologies to continuously improve healthcare quality. Based on comprehensive consideration of (1) our ongoing contracts, awarded projects, tendered projects and projects under negotiation for our healthcare IT solutions, (2) our plan to continue to focus on adopting advanced technologies to develop and upgrade our healthcare IT solutions to meet various demands of healthcare institutions, (3) the growing demands among healthcare institutions for innovative healthcare IT solutions as projected by the CIC Report, and (4) the historical fees charged by the Group for the provision of the healthcare IT solutions services and the contracts which had been awarded by our customers was on an increasing trend, our Directors are of the view that we may gradually raise the price of our healthcare IT solutions in the future. Our Directors will also continue to monitor the pricing of the healthcare IT solutions service providers on a regular basis given the keen competition to ensure the competitiveness of our Group. We intend to continue to invest in research and development to upgrade our healthcare IT solutions to increase our competitive advantages. See "Business — Sales and Marketing — Pricing Policy" and "Future Plans and Use of Proceeds — Use of Proceeds — 1. Approximately 80.0% of the net proceeds, or approximately HK$520.1 million, to be used primarily for upgrading existing solutions and developing new solutions — (2) Breakdown of 80.0% of the Net Proceeds by Product Type — Breakdown of 60.0% of the Net Proceeds to be Used for our Innovative Healthcare IT Solutions" for more details.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and helped us compete effectively in the industry: (1) a top 100 provider of IT solutions for financial institutions in China; (2) provider of featured healthcare IT solutions in China; (3) good technological capabilities; (4) sustainable business model and good relationships with large and reputable institutions; and (5) visionary and experienced management team with in-depth industry expertise.

OUR BUSINESS STRATEGIES

We strive to leverage our robust technological capabilities and become a company with a strategic focus on providing key solutions to customers. To this end, we intend to pursue the following strategies: (1) solidify our market presence in finance IT solution industry and develop new solution offerings; (2) develop healthcare IT solutions powered by data analysis and image and text recognition technologies; (3) strengthen technological capabilities; and (4) pursue selective strategic alliances and investments.

OUR INDUSTRY

According to the CIC Report, the finance IT solution industry in China is relatively fragmented and competitive with more than 2,500 market participants in 2019. The top five providers of IT solutions for financial institutions had a total market share of 17.3% and we had a market share of 0.13% in the finance IT solution industry in China, in terms of sales revenue in 2019. According to the CIC Report, we are a top 100 provider of over 2,500 providers of IT solutions for financial institutions in China in terms of sales revenue in 2019. The top 100 providers of IT solutions for financial institutions in China accounted for approximately 55.0% of the total market share in 2019. According to the CIC Report, we were one of less than ten domestic RPA solution providers for financial institutions in China that successfully commercialized RPA solutions and generated revenue, as of March 31, 2020. According to the CIC Report, we are an early mover in the market of over-the-counter bond bookkeeping system, and our over-the-counter bond bookkeeping system was implemented in nine banks as of March 31, 2020, representing 52.9% of a total of 17 banks that engaged third-party providers of such system in China as of the same date.

According to the CIC Report, the healthcare IT solution industry in China is highly fragmented with the top five solution providers owning a total market share of 3.6% in terms of sales revenue in 2019, among a total of over 3,000 market participants. Our market share in the healthcare IT solution industry in China was 0.006% in 2019. We are a provider of healthcare IT solutions in China, with solutions including featured medical quality control and safety warning system, which enables supervisors and department directors at hospitals to monitor the behavior of healthcare professionals on a real-time basis.

OUR CUSTOMERS AND SUPPLIERS

Our Customers

Our customers primarily include banks, trust companies, asset management companies and other financial institutions, hospitals and other healthcare institutions in China. Our customers also include system integrators, which purchase our software-driven solutions for integration with their solutions. In 2017, 2018, 2019 and the six months ended June 30, 2020, revenue generated from our largest customer accounted for 25.7%, 24.0%, 16.0% and 22.6% of our total revenue during the same periods, respectively, and revenue generated from our five largest customers accounted for 82.8%, 65.8%, 52.9% and 62.7% of our total revenue during the same periods, respectively. See "Business — Our Customers" for details.

Our Suppliers

Our suppliers primarily include software vendors, technical support service providers, electronic equipment vendors, decoration service vendors and human resource outsourcing service providers. In 2017, 2018, 2019 and the six months ended June 30, 2020, purchases from our largest supplier accounted for 36.0%, 22.8%, 36.8% and 32.7% of our total purchases during the same periods, respectively, and purchases from our five largest suppliers accounted for 88.0%, 77.7%, 85.9% and 67.2% of our total purchases during the same periods, respectively. See "Business — Our Suppliers" for details.

RISK FACTORS

Our business and operations involve certain risks and uncertainties including those set out in the "Risk Factors" section in this prospectus. As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety of this prospectus. Some of the major risk factors that we face include:

- we face risks and uncertainties regarding the evolving IT solution market, which impose a significant burden on the research and development and maintenance of our solutions;
- we provide solutions to our customers on a project-by-project basis which exposes us to the risk of uncertainty and potential volatility with respect to our revenue;
- during the Track Record Period, we derived a substantial amount of our revenue from certain customers, and any decrease or loss of business from them could materially and adversely affect our business, results of operations and financial condition;
- if our new solutions and services are not effectively promoted or do not achieve market acceptance, our business, results of operations and financial condition may be materially and adversely affected; and
- we are exposed to credit risks of our customers and our outstanding trade receivables and trade receivables turnover days remained at a relatively high level during the Track Record Period.

SUMMARY OF FINANCIAL INFORMATION

The following tables present the summary of financial information for the Track Record Period and should be read in conjunction with our financial information included in the Accountants' Report in Appendix I to this prospectus, including the notes thereto.

Summary of Consolidated Statements of Results of Operations

The following table sets forth selected line items of our consolidated statements of results of operations for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
Revenue	21,066	100.0%	120,571	100.0%	148,970	100.0%	56,152	100.0%	58,755	100.0%
Cost of sales	(12,195)	(57.9%)	(62,788)	(52.1%)	(75,812)	(50.9%)	(35,004)	(62.3%)	(34,206)	(58.2%)
Gross profit	8,871	42.1%	57,783	47.9%	73,158	49.1%	21,148	37.7%	24,549	41.8%
Profit before tax	1,602	7.6%	35,410	29.4%	38,235	25.7%	1,365	2.4%	4,631	7.9%
Income tax credits/(expenses)	(63)	(0.3%)	(4,287)	(3.6%)	(5,122)	(3.4%)	1,037	1.8%	(1,577)	(2.7%)
Profit for the year/period	1,539	7.3%	31,123	25.8%	33,113	22.2%	2,402	4.3%	3,054	5.2%

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
Attributable to:										
Owners of the parent	1,539	7.3%	31,123	25.8%	33,106	22.2%	2,403	4.3%	3,053	5.2%
Non-controlling interests	–	–	–	–	7	0.0%	(1)	0.0%	1	0.0%
Non-HKFRS measure[1]										
Adjusted net profit[2]	1,539	7.3%	31,123	25.8%	38,263	25.7%	2,402	4.3%	11,276	19.2%

Notes:

(1) We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. The use of such non-HKFRS measure has limitations as an analytical tool, and you should not consider adjusted net profit in isolation, or as substitute for analysis of, our results of operations or financial position as reported under HKFRSs. See "Financial Information — Key Components of Our Results of Operations — Non-HKFRS Measure."

(2) Adjusted net profit excludes the effect of listing expenses. See "Financial Information — Key Components of Our Results of Operations — Non-HKFRS Measure."

Non-HKFRS Measure

The following table reconciles our adjusted net profit presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	(RMB in thousands)				
Profit for the year/period	1,539	31,123	33,113	2,402	3,054
Add:					
Listing expenses	–	–	5,150	–	8,222
Adjusted net profit	1,539	31,123	38,263	2,402	11,276

Summary of Revenue by Industry Sector of End Users

The following table sets forth a breakdown of our revenue by industry sector of end users for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
IT solutions for financial institutions	20,676	98.1%	109,669	91.0%	126,974	85.2%	46,714	83.2%	53,053	90.3%
IT solutions for healthcare institutions	–	–	–	–	12,294	8.3%	4,024	7.2%	2,720	4.6%
IT solutions for other enterprises	390	1.9%	10,902	9.0%	9,702	6.5%	5,414	9.6%	2,982	5.1%
Total	21,066	100.0%	120,571	100.0%	148,970	100.0%	56,152	100.0%	58,755	100.0%

Our revenue generated from IT solutions for financial institutions increased significantly from RMB20.7 million in 2017 to RMB109.7 million in 2018 and further to RMB127.0 million in 2019, primarily due to our successful market expansion and customer acquisition in 2018 along with the introduction and commercialization of many of our IT solutions for financial institutions. In 2018, we acquired 44 new customers in the finance industry. See "Financial Information — Period to Period Comparison of Results of Operations — Year Ended December 31, 2018 Compared to Year Ended December 31, 2017 — Revenue."

Our revenue generated from IT solutions for financial institutions increased by 13.7% from RMB46.7 million in the six months ended June 30, 2019 to RMB53.1 million in the six months ended June 30, 2020, primarily due to (1) our enhanced efforts in developing and marketing our innovative software-driven solutions for financial institutions, (2) a growing demand from financial institutions for our IT solutions, and (3) a growing demand from our enlarging customer base to adapt to their new business scenarios and regulatory requirements. Our revenue generated from IT solutions for healthcare institutions decreased by 32.5% from RMB4.0 million in the six months ended June 30, 2019 to RMB2.7 million in the six months ended June 30, 2020, primarily because most of the hospitals in China focused on dealing with COVID-19 in January and February of 2020, the peak of COVID-19 outbreak in China, and thus we had limited access to on-site implementation and testing for certain projects at our healthcare customers' premises. We gradually resumed our project execution for those affected projects since mid-March. Our revenue generated from IT solutions for other enterprises decreased by 44.4% from RMB5.4 million in the six months ended June 30, 2019 to RMB3.0 million in the six months ended June 30, 2020, primarily due to a decreasing demand from other enterprises for IT solutions resulting from their expenditure control during the COVID-19 outbreak. See "Financial Information — Period to Period Comparison of Results of Operations — Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019 — Revenue."

Summary of Gross Profit and Gross Margin by Industry Sector of End Users

The following table sets forth a breakdown of our gross profit and gross margin by industry sector of end users for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin
	(RMB in thousands, except for percentages)									
IT solutions for financial institutions	8,594	41.6%	51,122	46.6%	62,103	48.9%	18,511	39.6%	21,208	40.0%
IT solutions for healthcare institutions	–	–	–	–	6,374	51.8%	1,310	32.6%	1,100	40.4%
IT solutions for other enterprises	277	71.0%	6,661	61.1%	4,681	48.2%	1,327	24.5%	2,241	75.2%
Total	8,871	42.1%	57,783	47.9%	73,158	49.1%	21,148	37.7%	24,549	41.8%

Our gross margin for IT solutions for financial institutions increased from 41.6% in 2017 to 46.6% in 2018 due to our optimization of cost structure along with our business growth. Our gross margin for IT solutions for financial institutions increased from 46.6% in 2018 to 48.9% in 2019, primarily because we improved our employees' productivity and optimized our workforce staffing by cross selling IT solutions to existing customers and allocating technical staff responsible for the existing contracts of the customers to the new contracts for the same customers. Our gross margin for IT solutions for financial institutions remained relatively stable at 39.6% in the six months ended June 30, 2019 and 40.0% in the six months ended June 30, 2020. See "Financial Information — Period to Period Comparison of Results of Operations."

Our gross margin for IT solutions for healthcare institutions increased from 32.6% in the six months ended June 30, 2019 to 40.4% in the six months ended June 30, 2020. The business scale of our IT solutions for healthcare institutions was relatively small with only nine projects in the first half of 2019 as our business of IT solutions for healthcare institution was at an early stage in the first half of 2019. We launched our first healthcare IT solution in November 2018. Our revenue for the six months ended June 30, 2019 was primarily contributed from our first couple of contracts for the medical quality control and safety warning system, for which we had relatively large initial investments for project execution costs and therefore relatively low gross profit margin. In addition, the relatively small number of contracts in the first half of 2019 leads to the effect that on average more technical staff were staffed for each contract compared to the staff allocation for the periods with more contracts, resulting in more staff costs and relatively low gross margin. Our gross margin for IT solutions for healthcare institutions increased in the six months ended June 30, 2020, primarily due to the increased number of contracts with mature system implementation as we generated revenue from 22 healthcare institutions during the period, with relatively low project execution costs benefited from the system implementation experience our technical staff accumulated. We improved our employees' productivity and optimized our workforce staffing by cross selling IT solutions to existing customers and allocating technical staff responsible for the existing contracts of the customers to the new contracts for the same customers. See "Financial Information — Period to Period Comparison of Results of Operations."

Our gross margin for IT solutions for other enterprises was 71.0% in 2017 as our business was at an early stage in 2017 and the business scale was relatively small. Our gross margin for IT solutions for other enterprises was 61.1% in 2018 due to our successful market expansion and customer acquisition in 2018 along with the increased costs for our projects. Our gross margin for IT solutions for other enterprises decreased from 61.1% in 2018 to 48.2% in 2019 because we provided more software development services for other enterprises in 2019, which generally have lower gross margin than software sales. Our gross margin for IT solutions for other enterprises increased from 24.5% in the six months ended June 30, 2019 to 75.2% in the six months ended June 30, 2020, because we had more contracts of software sales for other enterprises in the six months ended June 30, 2020, and we generated all of our revenue from other enterprises in the six months ended June 30, 2019 from the provision of software development services, which generally have lower gross margin than software sales. In contrast, we generated revenue from two contracts of software development services and two contracts of software sales for other enterprises in the six months ended June 30, 2020. See "Financial Information — Period to Period Comparison of Results of Operations."

Summary of Revenue by Product and Service Type

The following table sets forth a breakdown of our revenue by product and service type for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
Software development services	16,491	78.3%	88,667	73.5%	115,932	77.8%	43,211	77.0%	47,561	81.0%
Technical and maintenance services	4,575	21.7%	20,022	16.6%	18,899	12.7%	8,366	14.9%	8,778	14.9%
Software sales	–	–	11,882	9.9%	14,139	9.5%	4,575	8.1%	2,416	4.1%
Total	21,066	100.0%	120,571	100.0%	148,970	100.0%	56,152	100.0%	58,755	100.0%

During the Track Record Period, our revenue generated from software development services increased, primarily due to increased sales of our IT solutions along with our successful market expansion and customer acquisition. Our revenue generated from technical and maintenance services increased from 2017 to 2018, in line with our business growth, and slightly decreased from 2018 to 2019, primarily because we focused more on software development services and maintenance services in line with our increased investment in the development and promotion of our IT solutions, and allocated less manpower resources to technical support services, which are provided on a stand-alone basis for the maintenance of customers' existing systems and are not related to our own IT solutions. In 2017, we were in process of developing software products and did not generate any revenue from software sales. Our revenue generated from software sales remained relatively stable since 2018.

We recorded accumulated losses as of January 1, 2017 primarily due to the recognition of impairment loss relating to certain equipment procured in 2013 and 2014 for hardware sales. The impairment loss was recognized as such equipment was irrelevant to our current business operations since our business model had significantly changed after Mr. Zhai's acquisition in December 2016, and was procured for a long time with outdated technology applications. We had accumulated losses as of January 1, 2018 primarily because our business was at an early stage and our business scale was relatively small in 2017. See "Financial Information — Key Components of Our Results of Operations — Revenue."

Summary of Gross Profit and Gross Margin by Product and Service Type

The following table sets forth a breakdown of our gross profit and gross margin by product and service type for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin
	(RMB in thousands, except for percentages)									
Software development services	7,803	47.3%	39,460	44.5%	49,631	42.8%	12,869	29.8%	17,945	37.7%
Technical and maintenance services	1,068	23.3%	6,441	32.2%	9,388	49.7%	3,704	44.3%	4,188	47.7%
Software sales	–	–	11,882	100.0%	14,139	100.0%	4,575	100.0%	2,416	100.0%
Total	8,871	42.1%	57,783	47.9%	73,158	49.1%	21,148	37.7%	24,549	41.8%

The slight decrease in our gross margin for software development services from 44.5% in 2018 to 42.8% in 2019 primarily reflected the varied profit level of customized IT solutions provided to our more diversified customer base. The relatively low gross margin of 29.8% and 37.7% for our software development services in the six months ended June 30, 2019 and 2020, respectively, was primarily because the relatively small number of contracts for our software development services in the first quarter of 2019 and 2020 resulting from the seasonality of our project cycle while the number of our total technical staff generally remains stable throughout a year, leading to the effect that on average more technical staff were staffed for each contract compared to the staff allocation for the periods with more contracts, resulting in more staff costs and relatively low gross margin. Our gross margin for technical and maintenance services increased from 32.2% in 2018 to 49.7% in 2019 and 47.7% in the six months ended June 30, 2020, primarily because we improved our employees' productivity and optimized our workforce staffing by allocating technical staff responsible for the existing maintenance contracts to the new software development contracts for the same customers based on customers' evolving demands. Our gross margin for software sales in 2018, 2019 and the six months ended June 30, 2019 and 2020 was 100.0%, because (1) we incurred relevant CD-ROMs costs and delivery costs of less than RMB1,000 per year during the Track Record Period and there were no other costs directly related to the fulfilling of the software sale contracts so that no such costs, including production cost, logistics cost and staff costs, was record in our cost of sales, (2) we may incur expenses for software sales primarily during the research and development stage when there were no specifically identified contracts, and such expenses were recorded in our research and development expenses instead of our cost of sales, and (3) we may also incur indirect expenses for software sales in our marketing and administrative activities, and such expenses were recorded in our selling and distribution expenses and administrative expenses, respectively, instead of our cost of sales. We expect we will focus on software development business which is project-based in nature. We will not have mass production for our software sales business in the future, so that we will not incur large amounts of production cost, logistics cost or staff costs directly related to the fulfilling of the software sale contracts in the future.

Summary of Consolidated Statements of Financial Position

The following table sets forth selected line items of our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Total non-current assets	8,865	26,892	29,897	29,856
Total current assets	37,441	96,796	215,221	157,962
Total current liabilities	14,660	34,966	47,965	9,509
Net current assets	22,781	61,830	167,256	148,453
Total assets less current liabilities	31,646	88,722	197,153	178,309
Total non-current liabilities	2,485	13,438	10,256	8,412
Net assets	29,161	75,284	186,897	169,897
Non-controlling interests	–	–	1,507	1,508
Total equity	29,161	75,284	186,897	169,897

Our net assets decreased by 9.1% from RMB186.9 million as of December 31, 2019 to RMB169.9 million as of June 30, 2020 primarily due to the decrease in net current asset as a result of the deemed distribution of RMB73.5 million and payment for the listing expenses incurred in connection with the Global Offering, partially offset by a decrease in amounts due to shareholders of RMB37.0 million, which were settled in January 2020. See "Financial Information — Liquidity and Capital Resources — Working Capital."

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	(RMB in thousands)				
Operating cash flows before movements in working capital	4,131	41,586	47,929	5,668	9,453
Changes in working capital	(1,040)	(55,572)	(43,760)	(22,898)	(33,568)
Interest received	33	82	128	38	100
Income tax paid	(23)	(1,944)	(5,078)	(1,880)	(3,810)
Interest element of rental payments	(186)	(563)	(1,138)	(401)	(300)
Net cash flows generated from/(used in) operating activities	2,915	(16,411)	(1,919)	(19,473)	(28,125)
Net cash flows used in investing activities	(3,405)	(5,300)	(10,562)	(669)	(3,474)
Net cash flows generated from/(used in) financing activities	21,595	12,104	54,293	8,188	(2,092)
Net increase/(decrease) in cash and cash equivalents	21,105	(9,607)	41,812	(11,954)	(33,691)

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	(RMB in thousands)				
Cash and cash equivalents at beginning of the year/period	3,984	25,090	15,515	15,515	57,339
Effect of foreign exchange rate changes, net	1	32	12	–	(979)
Cash and cash equivalents at end of the year/period	25,090	15,515	57,339	3,561	22,669

We incurred net cash flows used in operating activities of RMB16.4 million, RMB1.9 million, RMB19.5 million and RMB28.1 million in 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively, primarily due to (1) increases in trade receivables from Customer b, which had strict and extensive internal payment and settlement process, and (2) increases in contract assets due to our continuous expansion of business scale and entry into contracts with a growing number of customers. See "Financial Information — Discussion of Certain Items from the Consolidated Statements of Financial Position" and "Risks Factors — Risks Relating to Our Business and Industry — We incurred negative cash flows from operating activities during the Track Record Period." As an A-share listed and state-owned national joint-stock commercial bank, Customer b was one of the top 60 banks in the world in terms of capital according to The Banker's Top 1000 World Banks ranking published in July 2020. In 2017, 2018, 2019 and the six months ended June 30, 2020, our trade receivables from Customer b amounted to RMB0.5 million, RMB23.6 million, RMB36.0 million and RMB43.6 million, respectively, accounting for 14.4%, 33.7%, 49.8% and 44.0%, respectively, of our total trade receivables during the same periods. Our trade receivables turnover days for Customer b was approximately 18 days, 152 days, 455 days and 544 days in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively. The trade receivables turnover days for Customer b increased significantly and were relatively long in the Track Record Period, primarily because of the following reasons:

(1) the balance of our contract assets and trade receivables at the beginning of 2017 were relatively low as our business was at a preliminary stage in 2017;

(2) our projects with Customer b were generally more complex due to more stringent customization requirements of Customer b, the sophisticated technology involved and the needs of Customer b to implement our solutions at its different bank branches and multiple departments across various business lines to connect with numerous subsystems. Consequently, in practice, Customer b usually observed the software operation for six to 12 months before the final payment and settlement. It usually takes approximately 15 months for Customer b to complete the entire internal payment and settlement process; and

(3) it was especially difficult for us to collect outstanding trade receivables from Customer b in the first half of 2020 as Customer b had its employees working remotely during the COVID-19 outbreak while on-site approval by Customer b's person in charge is required before making payment to us, which extended the internal payment process.

We had obtained written confirmation from Customer b in relation to its payment schedules of its outstanding trade receivables. See "Financial Information — Discussion of Certain Items from the Consolidated Statements of Financial Position — Trade Receivables."

We have constantly improved our cash flow position by (1) maintaining strict control over our outstanding trade receivables and minimizing credit risk exposure; (2) implementing detailed polices covering reimbursement management, cash management, budget management and credit management; (3) constantly refining our fund management and detailing our use of fund; (4) improving employees' productivity through regular training and optimized staff allocation; and (5) obtaining bank facilities to supplement our working capital. Specifically, our policy for reimbursement management was established to promote reasonable and effective use of funds, accelerate capital turnover, and conduct strict cost control for inter-city travel expenses, intra-city transportation expenses and other expenses. All the reimbursement applications must undergo procedures with various approval levels. Our policy for budget management was established to allocate, evaluate and control various financial and non-financial resources of all of our departments, so as to effectively organize and coordinate our production and operation activities to achieve our business goals. Based on our strategic goals and profit forecasts, we prepare our financial budget to plan for our capital operation, including potential capital acquisition and investment, considering our operation's result, income and expenditures. Our policy for cash management was established to strengthen our cash management and standardize cash settlement. We have set up comprehensive fund approval procedures and bank account management requirements. In addition, our finance department has specialists to deal with cash collection and payments, custody, inventory and budgeting, so as to manage the cash and account separately. Our policy for credit management was established to manage our bank loans. Our finance department prepares loan plans based on demands of our operating activities and obtain internal approvals before carrying out loan plans, for loans including credit loans, secured loans and mortgage loans.

As a result of practicing abovementioned measures and policies, we recorded positive cash flows from operating activities of RMB19.0 million[a] in the three months ended September 30, 2020, according to our management's accounts, as compared with the net cash flows used in operating activities of RMB28.1 million in the six months ended June 30, 2020, primarily due to (1) the increasing collection speed of our outstanding trade receivables resulted from our efforts and enhanced polices to manage and collect our trade receivables, evidenced by the decrease in our trade receivable turnover days from approximately 265 days in the six months ended June 30, 2020 to approximately 201 days in the three months ended September 30, 2020; and (2) the better financial results of the Group, with increased revenue and the net profit in the three months ended September 30, 2020 in comparison with those in the first and second quarter of 2020. In addition, our cash and cash equivalents balance increased from RMB22.7 million as of June 30, 2020 to RMB44.4 million as of September 30, 2020 and further to RMB56.8 million as of October 31, 2020, according to our management's accounts. Based on our constantly improved cash flow position and strengthened control over our outstanding trade receivables, our Directors believe that, under the condition of no further business expansion and recruitment of technical staff, our current working capital is sufficient to support our normal operation and meet our contractual obligations for the project implementation for our ongoing contracts and projects under negotiation.Going forward, we intend to further improve our cash flow position by constantly adopting the abovementioned measures. For our trade receivables, the overdue balances are reviewed regularly by our senior management and our sales and marketing staff closely follow up with our customers on payment status. We also plan to strengthen the cooperation of our technical team and sales and marketing team to conduct more efficient collection, and take into account the collection speed in the performance assessment of our employees. See "Financial Information — Discussion of Certain Items from the Consolidated Statements of Financial Position — Trade Receivables."

Key Financial Ratios

	As of/for the year ended December 31,			As of/for the six months ended June 30,
	2017	**2018**	**2019**	**2020**
Profitability ratios				
Gross margin[(1)]	42.1%	47.9%	49.1%	41.8%
Net margin[(2)]	7.3%	25.8%	22.2%	5.2%
Non-HKFRS measure:				
Adjusted net margin[(3)]	7.3%	25.8%	25.7%	19.2%
Return on equity[(4)]	9.7%	59.6%	25.3%	1.7%
Return on total assets[(5)]	6.0%	36.6%	18.0%	1.4%
Liquidity ratios				
Current ratio[(6)]	2.6	2.8	4.5	16.6
Quick ratio[(7)]	2.6	2.8	4.5	16.6
Capital adequacy ratio				
Gearing ratio[(8)]	–	–	–	–

Notes:

(1) The calculation of gross margin is based on gross profit for the year/period divided by revenue for the respective year/period and multiplied by 100.0%.

(2) The calculation of net margin is based on profit for the year/period divided by revenue for the respective year/period and multiplied by 100.0%.

(3) The calculation of adjusted net margin, a non-HKFRS measure, is based on adjusted net profit divided by revenue for the respective year/period and multiplied by 100.0%. See "Financial Information — Key Components of Our Results of Operations — Non-HKFRS Measure."

(4) The calculation of return on equity is based on profit for the year/period divided by average total equity attributable to equity holders of our Company as of the beginning and end of the year/period and multiplied by 100.0%.

(5) The calculation of return on total assets is based on profit for the year/period divided by average total assets as of the beginning and end of the year/period and multiplied by 100.0%.

(6) The calculation of current ratio is based on current assets divided by current liabilities as of year/period end.

(7) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of year/period end.

(8) The calculation of gearing ratio is based on total borrowings divided by total equity as of year/period end and multiplied by 100.0%.

(a) The cash flows from operating activities for the three months ended September 30, 2020 is calculated based on the unaudited interim condensed consolidated financial information for the nine months ended September 30, 2020 and the audited financial statements for the six months ended June 30, 2020. The unaudited interim condensed consolidated financial information for the nine months ended September 30, 2020 has been reviewed by our Reporting Accountants in accordance with the Hong Kong Standard on Review Engagement 2410 "Review on Interim Financial Information Performed by the Independent Auditor of the Entity."

Analysis of Key Financial Ratios

Gross Margin, Net Margin and Adjusted Net Margin (non-HKFRS measure)

Our gross margin increased from 42.1% in 2017 to 47.9% in 2018 and further to 49.1% in 2019, primarily due to our optimization of cost structure along with our business growth. Our gross margin decreased to 41.8% in the six months ended June 30, 2020, primarily due to the relatively small number of contracts in the first quarter of 2020 resulting from the seasonality of our project cycle while the number of our total technical staff generally remains stable throughout a year, leading to the effect that on average more technical staff were staffed for each contract compared to the staff allocation for the periods with more contracts, resulting in more staff costs and relatively low gross margin. See "Financial Information — Period to Period Comparison of Results of Operations."

Our net margin increased significantly from 7.3% in 2017 to 25.8% in 2018 as we improved our cost structure following our expansion. Our net margin slightly decreased from 25.8% in 2018 to 22.2% in 2019, primarily due to the listing expenses of RMB5.2 million we incurred in 2019. We had relatively small net margin of 5.2% in the six months ended June 30, 2020, primarily because we incurred listing expenses of RMB8.2 million in the six months ended June 30, 2020. See "Financial Information — Period to Period Comparison of Results of Operations."

Our adjusted net margin, a non-HKFRS measure, increased significantly from 7.3% in 2017 to 25.8% in 2018 as we improved our cost structure following our expansion. Our adjusted net margin remained relatively stable at 25.7% in 2019 and slightly decreased to 19.2% in the six months ended June 30, 2020. See "Financial Information — Period to Period Comparison of Results of Operations."

Return on Equity and Return on Total Assets

Our return on equity increased from 9.7% for 2017 to 59.6% for 2018, primarily due to the increase in our net profit. Our return on equity decreased from 59.6% for 2018 to 25.3% for 2019, primarily due to the increase in our equity. Our return on equity further decreased to 1.7% for the six months ended June 30, 2020, primarily due to the decrease in our net profit. See "Financial Information — Key Financial Ratios."

Our return on total assets increased from 6.0% for 2017 to 36.6% for 2018, primarily due to the increase in our net profit. Our return on total assets decreased from 36.6% for 2018 to 18.0% for 2019, primarily due to the increase in our total assets, which was in line with our business growth. Our return on total assets further decreased to 1.4% for the six months ended June 30, 2020, primarily due to the decrease in our net profit. See "Financial Information — Key Financial Ratios."

Current Ratio and Quick Ratio

Our current ratio remained relatively stable at 2.6 and 2.8 as of December 31, 2017 and 2018, respectively, and increased significantly from 2.8 as of December 31, 2018 to 4.5 as of December 31, 2019, primarily due to the increase in our trade receivables and contract assets during the same periods. Our current ratio further increased to 16.6 as of June 30, 2020 primarily due to the significant decrease in our current liabilities resulting from the settlement of our amounts due to shareholders. See "Financial Information — Key Financial Ratios."

Our quick ratio remained relatively stable at 2.6 and 2.8 as of December 31, 2017 and 2018, respectively, and increased significantly from 2.8 as of December 31, 2018 to 4.5 as of December 31, 2019, primarily due to the increase in our trade receivables and contract assets during the same periods. Our quick ratio further increased to 16.6 as of June 30, 2020 primarily due to the significant decrease in our current liabilities resulting from the settlement of our amounts due to shareholders. See "Financial Information — Key Financial Ratios."

Gearing Ratio

Our gearing ratio was nil as of December 31, 2017, 2018 and 2019 and June 30, 2020. See "Financial Information — Key Financial Ratios."

OUR SHAREHOLDERS

Our Controlling Shareholders

As of the Latest Practicable Date, Nebula SC held 54.6% and Earnest Kai held 36.4% of the total issued share capital of the Company, respectively. Nebula SC is wholly-owned by Mr. Zhai, our Controlling Shareholder, chairman of the Board, executive Director and chief executive officer. Earnest Kai is wholly-owned by Mr. Yuan, a financial investor of our Group holding 36.4% of the total issued share capital of the Company and being one of the controlling shareholders of the Company prior to the Listing. Immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), Mr. Zhai and Mr. Yuan will be beneficially interested in 40.95% and 27.30% of the enlarged share capital of the Company. Since Mr. Yuan will be beneficially interested in less than 30% of our total issued share capital immediately after the completion of the Global Offering, Mr. Yuan and Earnest Kai will not be regarded as our controlling shareholders as defined under the Listing Rules upon Listing. Accordingly, Mr. Zhai and Nebula SC are considered as our Controlling Shareholders immediately following the Global Offering. Neither our Controlling Shareholders nor their close associates have any interest in any business, apart from the business operated by members of our Group, that competes or is likely to compete, directly or indirectly, with the business of our Group and would require disclosure pursuant to Rule 8.10 of the Listing Rules. See "Relationship with Our Controlling Shareholders" for further details. Mr. Yuan has undertaken in favor of the Company and the Sole Sponsor, among others, to gradually dispose of all Shares beneficially owned by him in our Company within 36 months after the Listing pursuant to the following schedule:

(a) to dispose of not less than 10% of the enlarged share capital of our Company immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares to be issued upon exercise of the Post-IPO Share Option), or 80,000,000 Shares, within 18 months after the Listing (subject to the mandatory transfer restrictions under the Listing Rules for a period of six months from the Listing Date);

(b) to dispose of not less than 20% of the enlarged share capital of our Company immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares to be issued upon exercise of the Post-IPO Share Option), or 160,000,000 Shares, within 30 months after the Listing; and

(c) to dispose of all Shares beneficially owned by him in our Company within 36 months after the Listing.

See "Our History and Corporate Development — Information of the pre-IPO investors — Mr. Yuan and Earnest Kai — Influence of Mr. Yuan on our Group — Confirmations and Undertakings" and "Risk Factors — Risks Relating to the Global Offering — Any future sales, or perceived sales, of a substantial amount of our Shares in the public market could have a material adverse effect on the prevailing market price of our Shares and our ability to raise capital in the future" for details.

Pre-IPO Investments

We have entered into certain financing agreements with our pre-IPO investors. For further details of the identity and background of the pre-IPO investors, see "Our History and Corporate Development — Pre-IPO Investments."

Share Incentive Scheme

Our Shareholders have conditionally approved and adopted the Post-IPO Share Option Scheme on December 5, 2020. See "Appendix IV — Statutory and General Information — D. Post-IPO Share Option Scheme" for details.

For details of the shareholding structure of the Company, see "Our History and Corporate Development — Our Corporate Structure" of this prospectus.

DIVIDEND POLICY

During the Track Record Period and up to the date of this prospectus, no dividend had been paid or declared by us. According to our dividend policy adopted on December 5, 2020, the Articles of Association and applicable laws and regulations, our Company in general meeting may from time to time by ordinary resolution declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board, provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. We currently do not have a pre-determined or fixed dividend payout ratio. We will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment. The determination to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, business conditions and strategies, future operations and earnings, capital and investment requirements, level of indebtedness, and other factors that our Directors deem relevant.

We are a holding company incorporated under the laws of the Cayman Islands, pursuant to which, the financial position of accumulated losses does not prohibit us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our Company satisfies the solvency test set out in the Cayman Companies Act.

LISTING EXPENSES

We expect to incur a total of approximately RMB77.6 million of listing expenses in connection with the Global Offering, representing approximately 12.4% of the gross proceeds from the Global Offering (assuming an Offer Price of HK$3.71, being the mid-point of the indicative Offer Price range between

HK$3.06 and HK$4.36, and assuming that the Over-allotment Option is not exercised). During the Track Record Period, we incurred listing expenses of approximately RMB17.3 million, out of which approximately RMB13.4 million was charged to our consolidated statements of results of operations as administrative expenses, while the remaining amount of approximately RMB3.9 million was capitalized as prepayment and will be deducted from the share premium upon the completion of the Global Offering. We expect to further incur underwriting commission and other listing expenses of approximately RMB60.3 million upon the completion of the Global Offering, out of which approximately RMB12.9 million is expected to be charged to our consolidated statements of results of operations and approximately RMB47.4 million is expected to be deducted from the share premium. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

In view of the above, prospective investors should note that the financial results of our Group for 2020 will be affected by the non-recurring expenses in connection with the Global Offering. Our Directors would like to emphasize that the expenses in connection with the Global Offering are a current estimate for reference only and the amounts to be recognized in the equity and the statements of results of operations of our Group are subject to adjustment due to changes in estimates and assumptions.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting commission and other estimated listing expenses payable by us, assuming an Offer Price of HK$3.71 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus) will be approximately HK$650.1 million, assuming that the Over-allotment Option is not exercised. We currently intend to apply the net proceeds as follows:

- approximately 80.0% of the net proceeds, or approximately HK$520.1 million, is expected to be used primarily for developing new solutions and upgrading existing solutions by attracting and retaining high-quality technical staff, expanding our offices and purchasing software products and equipment, and investing in the cooperation with industry experts and authorities, within five years after the Listing. Specifically, we plan to invest the aforementioned resources for the implementation of the following initiatives: (1) approximately 20.0% of the net proceeds, or approximately HK$130.0 million, is expected to be used to continue to develop and upgrade our medical quality control and safety warning system; (2) approximately 20.0% of the net proceeds, or approximately HK$130.0 million, is expected to be used to continue to develop our clinical pathway management system; (3) approximately 10.0% of the net proceeds, or approximately HK$65.0 million, is expected to be used to continue to develop our telemedicine system; (4) approximately 10.0% of the net proceeds, or approximately HK$65.0 million, is expected to be used to develop a new solution of intelligent healthcare platform; and (5) approximately 20.0% of the net proceeds, or approximately HK$130.0 million, is expected to be used to upgrade our RPA solution.
- approximately 10.0% of the net proceeds, or approximately HK$65.0 million, is expected to be used primarily for enhancing our sales and marketing efforts; and
- the remaining up to approximately 10.0% of the net proceeds, or approximately HK$65.0 million, is expected to be used primarily for working capital and other general corporate purposes.

See "Future Plans and Use of Proceeds — Use of Proceeds."

LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, we were not involved in any litigation or arbitration proceedings pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, financial condition or results of operations.

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of applicable laws and regulations that is likely to have a material and adverse effect on our business, financial condition or results of operations, and we did not experience any systemic non-compliance incident that may reflect negatively on the ability or tendency of our Company or our Directors or senior management to operate in a compliant manner. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we complied with the relevant laws and regulations in all material respects.

RECENT DEVELOPMENTS

Since June 30, 2020 and up to the date of this prospectus, our business generally experienced continued growth, which was in line with the past trends and our expectations. In the period from July 1, 2020 to the Latest Practicable Date, we entered into 62 contracts with our customers with a total contract value of approximately RMB74.8 million. Among the 62 contracts, there were 38 contracts for software development services for financial institutions with a total contract value of RMB35.2 million, 11 contracts for technical and maintenance services for financial institutions with a total contract value of RMB1.9 million, one contract for software sales for financial institutions with a total contract value of RMB1.4 million, two contracts for software development services for healthcare institutions with a total contract value of RMB10.0 million, five contracts for software sales for healthcare institutions with a total contract value of RMB20.4 million, two contracts for software development services for other enterprises with a total contract value of RMB2.3 million, and three contracts for software sales for other enterprises with a total contract value of RMB3.7 million. The number of new projects that we had been awarded from healthcare institutions amounted to eight in the third quarter of 2020, with a total estimated contract value of approximately RMB4.4 million. Since January 2020, the outbreak of coronavirus disease 2019 ("**COVID-19**") is spreading in China and worldwide.

Contingency Plan and Protective Measures

To reduce the risk of infection and continuously develop our business, we have adopted business contingency plans and protective measures, which include:

- Actively communicate with customers, transform on-site work to remote work, and resume on-site work gradually based on improved situation in China;
- Establish remote working environment and daily management process, including checking for employees' daily attendance and healthcare conditions, checking daily work report and weekly report, conducting online regular meetings and work meetings, and providing access to public network version of servers and access to online enterprise management system;
- Increase our backup frequency of system data and operating environment of our online platforms;
- Divide key positions into two roles and allocate two employees to such roles so that they can back up each other to prevent risk;
- Communicate with existing customers regarding the project progress and reach agreements with customers as to the alternative ways to keep the project execution on track; and
- For certain projects, the progress of which may be delayed due to the epidemic outbreak, we have adjusted our staff allocation, deployed responsible employees to other projects and reduced our recruitment position, to improve our employees' productivity and prevent loss.

The business contingency plans and protective measures described above are implemented using our existing technological infrastructure and workforce and as of the Latest Practicable Date, we incurred total costs of approximately RMB40 thousand for our protective measures for the purchase of masks and disinfectants. As our project executions are mainly conducted through software, the majority part of our project execution does not require on-site work and can be performed through telecommuting work arrangement. Under our telecommuting work arrangement, our technical staff work from home using computers to perform their tasks and communicate with our customers regarding their requirements and work progress via telephone calls and other instant communication means. During the first quarter of 2020, the peak of COVID-19 outbreak in China, we made certain adjustments of the salary level for employees who worked from home and we adjusted back to the normal salary level in the second quarter of 2020. Along with the strengthened control of epidemic outbreak and improved situation in China, we have deployed our technical staff responsible for project execution to conduct on-site work at our customers' premises for a number of projects according to our customers' requirements after taking necessary protective measures. We continue to proceed with other projects by having our technical staff provide services to our customers remotely. For employees of functions other than project execution (i.e., management and general administration, research and development, sales and marketing), we have adopted a flexible work arrangement by having some of them work on-site at our offices and others work from home, on a rotating basis. During the period of the epidemic outbreak, there were no incidents where any of our employees failed to report their duties. As of the Latest Practicable Date, most of our existing projects are on pace with the project schedules; and for a small number of existing projects, the progress of which have been affected by the epidemic outbreak, we have resumed work given the improved situation in China. For example, because most of the hospitals in China focused on dealing with COVID-19 in January and February of 2020, the peak of COVID-19 outbreak in China, we had limited access to on-site implementation and testing for certain projects at our healthcare customers' premises. We gradually resumed our project execution for those affected projects since mid-March. For the small number of existing projects, the progress of which have been affected by the epidemic outbreak, we were not liable for payment of any compensation to the relevant customers as the delay in project progress were caused by the quarantine measures taken by such customers during the epidemic outbreak rendering us unable to perform certain tasks as originally planned according to the project schedules. We have communicated with the relevant customers regarding the potential delay in project progress in advance and have resumed work for such projects.

The following table sets forth the details of the existing projects which have been affected by the epidemic outbreak. The progress of such projects were affected by the epidemic outbreak because of the quarantine measures and travel restrictions imposed by the PRC government.

	Project details	Contract value	Original completion date	Rescheduled completion date	Date that we resumed project execution
		(RMB in thousands)			
1.	Software development project for a financial institution	2,600	December 31, 2020	December 31, 2020(1)	February 24, 2020
2.	Software development project for a financial institution	220	April 30, 2020	May 30, 2020	February 10, 2020
3.	Software development project for a financial institution	300	April 30, 2020	May 30, 2020	February 7, 2020
4.	Software development project for a financial institution	400	December 31, 2020	December 31, 2020(1)	March 8, 2020
5.	Software development project for a healthcare institution	400	April 30, 2020	June 15, 2020	March 16, 2020
6.	Software development project for a healthcare institution	518	October 20, 2020	December 15, 2020	March 25, 2020
7.	Software development project for a healthcare institution	200	April 30, 2020	June 8, 2020	March 10, 2020

Note:

(1) The rescheduled completion date remains unchanged for the projects because we plan to allocate for more manpower for the projects and we expect to meet the original completion date for the projects.

Save as disclosed above, in the period from April 1, 2020 to the Latest Practicable Date, we did not have other existing projects affected by the epidemic outbreak. Among the seven projects that were affected by the epidemic outbreak, we had completed four contracts in May and June 2020, with a total contract value of RMB1.1 million. As of the Latest Practicable Date, we were still working on the remaining three projects with a total contract value of RMB3.5 million.

Impact of the COVID-19 Outbreak on the Financial Performance

We had a total of seven existing projects with the total contract value of approximately RMB4.6 million that have been affected by the COVID-19 outbreak. Our revenue generated from IT solutions for healthcare institutions in the first half of 2020 was adversely affected by the COVID-19 outbreak, primarily because most of the hospitals in China focused on dealing with COVID-19 and thus we had limited access to on-site implementation and testing for certain projects at our healthcare customers' premises. In addition, some of our potential customers in the healthcare industry may also delay their potential project initiation, engagement or implementation under the impact of COVID-19 outbreak. The COVID-19 outbreak had limited impact on our revenue generated from IT solutions for financial institutions in the first half of 2020. Our revenue generated from IT solutions for other enterprises in the first half of 2020 was adversely affected by the COVID-19 outbreak, primarily due to a decreasing demand from other enterprises for IT solutions resulting from their expenditure control during the COVID-19 outbreak. See "Financial Information — Period to Period Comparison of Results of Operations."

As of the Latest Practicable Date, we incurred total costs of approximately RMB40 thousand for our protective measures for the purchase of masks and disinfectants. Despite the adverse impact of the COVID-19 outbreak on our financial performance, there was also certain positive impact on our costs of sales and expenses. Due to the travel restrictions during the COVID-19 outbreak, we had decreased staff costs for on-site project execution and travel costs in the first half of 2020. See "Financial Information — Period to Period Comparison of Results of Operations." In addition, we were granted deduction of approximately RMB0.3 million in lease payments in February 2020 and deduction in the payments of social insurance premiums for our employees with a monthly average of approximately RMB0.4 million from February to August 2020, according to relevant government policies during the COVID-19 outbreak.

Many of our customers arranged their employees to work remotely during the COVID-19 outbreak, which extended their internal payment process. Consequently, we recorded large amounts of trade receivables as of June 30, 2020 and extended trade receivables turnover days in the six months ended June 30, 2020. See "Financial Information — Discussion of Certain Items from the Consolidated Statements of Financial Position — Trade Receivables."

Short-term Impact and Long-term Impact of the COVID-19 Outbreak

Most of our customers are from finance industry and healthcare industry in China. Different from industries such as retail and catering industry, the epidemic outbreak is expected to have a limited impact on the finance industry in China. According to the *Notice on Further Strengthening Financial Support for* *the Prevention and Control of the Outbreak of Pneumonia caused by the Novel Coronavirus (關於進一步強化金融支持防控新型冠狀病毒感染肺炎疫情的通知)* issued by several regulators including PBOC, MOF and China Banking and Insurance Regulatory Commission on February 1, 2020, the PRC government will support the finance market by maintaining reasonably abundant liquidity and increasing monetary and credit support. For the healthcare industry which is our other target market, the epidemic outbreak has imposed a significant burden on the medical system in China, which is expected to lead to an increasing demand for more efficient and centralized hospital management and quality healthcare services. On February 6, 2020, the NHC issued the *Notice to Strengthen Diagnosis and Treatment Consulting Services through the Internet to Prevent and Control the Epidemic Outbreak (關於在疫情防控中做好互聯網診療諮詢服務工作的通知)*, encouraging healthcare institutions in China to utilize the Internet and telemedicine practice in providing healthcare services for the public in order to alleviate the healthcare resources constraints during the epidemic outbreak and reduce the risk of infection.

We believe the short-term impact of the COVID-19 outbreak will primarily reflect on (1) delay in potential project initiation, engagement or implementation by some of our potential customers in the healthcare industry under the impact of COVID-19 outbreak; and (2) our project execution for and revenue generated from healthcare institutions as we had limited access to on-site project execution and communication work at our healthcare customers' premises during the COVID-19 outbreak, since most of the hospitals focused on dealing with COVID-19. We believe our project execution for and revenue generated from financial institutions will not be severely impacted, because we are able to make telecommuting work arrangement for our ongoing contracts with financial institutions and we have easier access to on-site project execution for our new contracts with financial institutions compared with that for healthcare institutions. In the long term, we believe the COVID-19 outbreak will have a positive impact on the operation and financial performance of our healthcare IT solutions. We believe the significant burden on the medical system in China imposed by the epidemic outbreak may lead to an increasing demand for more efficient and centralized hospital management and quality healthcare services, including our innovative healthcare IT solutions. Furthermore, we expect that the epidemic outbreak and the relevant government policies, such as the *Notice to Strengthen Diagnosis and Treatment Consulting Services through the Internet to Prevent and Control the Epidemic Outbreak (關於在疫情防控中做好互聯網診療諮詢服務工作的通知)*, will lead to a wider application and market acceptance of telemedicine technologies and may bring new business opportunities for our telemedicine system. We believe there will not be an apparent long-term impact on our operation and financial performance of our finance IT solutions as the epidemic outbreak is expected to have a limited impact on the finance industry in China.

As most of our customers are large institutions, such as banks and hospitals, which generally have strict and centralized management of project execution and payment, we do not expect that our customers' payment process will be interrupted or our revenue recognition for our ongoing contracts will be affected by the epidemic outbreak, except that for a small number of projects, the progress of which have been affected by the epidemic outbreak, the timing of revenue recognition may be slightly delayed. In addition, as the major costs incurred for the provision of our IT solutions are staff costs, we do not rely on the supply of products and services by third parties, which might be affected by the epidemic outbreak, to provide our IT solutions. For new projects we followed up before, most of them have started to conduct the tendering process through live streaming and we will continue to explore business opportunities by remotely participating in such tendering process. There have been no incidents where our customers who have placed orders with us before the epidemic outbreak and subsequently cancelled their orders, or where we were not able to perform the contracts.

No Material Adverse Change

Based on the foregoing, our Directors consider that the epidemic outbreak had not materially and adversely affected our business operations or financial condition as of the Latest Practicable Date and will not have a material adverse effect on our business operations or financial condition. Other than the epidemic outbreak, to the best of our knowledge, there is no change to the overall economic and market condition in China or in the IT solution industry in China that may have a material adverse effect to our business operations and financial condition. Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since June 30, 2020 and there has been no event since June 30, 2020 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

Sensitivity Analysis in View of the COVID-19 Outbreak

Assuming the COVID-19 outbreak continues in China, and there has to be a complete suspension of operation, we expect that our cash reserves should be sufficient to satisfy our operational expenses for a period of around 13 months without taking into account of the proceeds from the Global Offering.

Our key assumptions include:

(i) we will not generate any income due to the complete suspension of business;

(ii) we will continue to incur lease payments of approximately RMB0.9 million per month covering monthly lease payments for our offices;

(iii) we will have to settle all of our payables and other payables in the next six months;

(iv) we will strengthen our efforts to collect our receivables if there has to be a complete suspension of operation. Based on our management's accounts, our trade receivables amounted to RMB102.2 million as of October 31, 2020. From July 31, 2020 to the Latest Practicable Date, we collected RMB20.0 million from customer b, and we expect to collect a total of RMB10.3 million from customer b from the Latest Practicable Date to December 31, 2020. See "Financial Information — Discussion of Certain Items from the Consolidated Statements of Financial Position — Trade Receivables" for details. We estimate the settlement of our trade receivables based on the historical settlement pattern. (Accordingly, it is assumed that the rest of our trade receivables as of October 31, 2020 will be collected progressively for approximately nine months based on the trade receivable turnover days for the six months ended June 30, 2020);

(v) all of our employees as of June 30, 2020 will be retained at a cost of approximately RMB7.2 million per month;

(vi) other operating and administrative expenses will be kept at a minimum level (of approximately RMB1.5 million per month);

(vii) our plan to hire new technical staff, expand offices, purchase software products and equipment, invest in the cooperation with industry experts and authorities and enhance our sales and marketing efforts will be postponed until the COVID-19 outbreak is ended;

(viii) we will repay the bank borrowings amounted to RMB5.0 million before the mid of July 2021;

(ix) we will not get any internal or external financing from our Shareholders or investors; and

(x) no dividend will be declared and paid.

Assuming the COVID-19 outbreak continues in China, and there has to be a complete suspension of operation, we expect that our cash reserves should be sufficient to satisfy our operational expenses for a period of around 18 months, taking into account 10% of the proceeds from the Global Offering, amounted to approximately RMB44.6 million as allocated for working capital and other general corporate purposes (assuming an Offer Price of HK$3.06 per Share, the low end of our indicative Offer Price range, and that the Over-allotment Option is not exercised).

Our key assumptions include:

(i) we will not generate any income due to the complete suspension of business;

(ii) we will continue to incur lease payments of approximately RMB0.9 million per month covering monthly lease payments for our offices;

(iii) we will have to settle all of our payables and other payables in the next six months;

(iv) we will strengthen our efforts to collect our receivables if there has to be a complete suspension of operation. Based on our management's accounts, our trade receivables amounted to RMB102.2 million as of October 31, 2020. From July 31, 2020 to the Latest Practicable Date, we collected RMB20.0 million from customer b, and we expect to collect a total of RMB10.3 million from customer b from the Latest Practicable Date to December 31, 2020. See "Financial Information — Discussion of Certain Items from the Consolidated Statements of Financial Position — Trade Receivables" for details. We estimate the settlement of our trade receivables based on the historical settlement pattern. Accordingly, it is assumed that the rest of our trade receivables as of October 31, 2020 will be collected progressively for approximately nine months based on the trade receivable turnover days for the six months ended June 30, 2020;

(v) all of our employees as of June 30, 2020 will be retained at a cost of approximately RMB7.2 million per month;

(vi) other operating and administrative expenses will be kept at a minimum level (of approximately RMB1.5 million per month);

(vii) our plan to hire new technical staff, expand offices, purchase software products and equipment, invest in the cooperation with industry experts and authorities and enhance our sales and marketing efforts, and the relevant use of proceeds from the Global Offering, will be postponed until the COVID-19 outbreak is ended;

(viii) we will repay the bank borrowings amounted to RMB5.0 million before the mid of July 2021;

(ix) we will not get any internal or external financing from our Shareholders or investors except for the proceeds from the Global Offering; and

(x) no dividend will be declared and paid.

Assuming the COVID-19 outbreak continues in China, there has to be a complete suspension of operation, and we are not able to collect any of our trade receivables as of October 31, 2020, we expect that our cash reserves should be sufficient to satisfy our operational expenses for a period of around three months without taking into account of the proceeds from the Global Offering.

Our key assumptions include:

(i) we will not generate any income due to the complete suspension of business;

(ii) we will continue to incur lease payments of approximately RMB0.9 million per month covering monthly lease payments for our offices;

(iii) we will have to settle all of our payables and other payables in the next six months;

(iv) we will not receive any of our trade receivables as of October 31, 2020 in the future;

(v) all of our employees as of June 30, 2020 will be retained at a cost of approximately RMB7.2 million per month;

(vi) other operating and administrative expenses will be kept at a minimum level (of approximately RMB1.5 million per month);

(vii) our plan to hire new technical staff, expand offices, purchase software products and equipment, invest in the cooperation with industry experts and authorities and enhance our sales and marketing efforts will be postponed until the COVID-19 outbreak is ended;

(viii) we will not get any internal or external financing from our Shareholders or investors; and

(ix) no dividend will be declared and paid.

Assuming the COVID-19 outbreak continues in China, there has to be a complete suspension of operation, and we are not able to collect any of our trade receivables as at October 31, 2020, we expect that our cash reserves should be sufficient to satisfy our operational expenses for a period of around nine months, taking into account 10% of the proceeds from the Global Offering, amounted to approximately RMB44.6 million as allocated for working capital and other general corporate purposes (assuming an Offer Price of HK$3.06 per Share, the low end of our indicative Offer Price range, and that the Over-allotment Option is not exercised).

Our key assumptions include:

(i) we will not generate any income due to the complete suspension of business;

(ii) we will continue to incur lease payments of approximately RMB0.9 million per month covering monthly lease payments for our offices;

(iii) we will have to settle all of our payables and other payables in the next six months;

(iv) we will not receive any of our trade receivables as of October 31, 2020 in the future;

(v) all of our employees as of June 30, 2020 will be retained at a cost of approximately RMB7.2 million per month;

(vi) other operating and administrative expenses will be kept at a minimum level (of approximately RMB1.5 million per month);

(vii) our plan to hire new technical staff, expand offices, purchase software products and equipment, invest in the cooperation with industry experts and authorities and enhance our sales and marketing efforts, and the relevant use of proceeds from the Global Offering, will be postponed until the COVID-19 outbreak is ended;

(viii) we will not get any internal or external financing from our Shareholders or investors except for the proceeds from the Global Offering; and

(ix) no dividend will be declared and paid.

During the first quarter of 2020, the peak of COVID-19 outbreak in China, most of the hospitals in China focused on dealing with COVID-19. Consequently, we had limited access to on-site implementation and testing for certain projects at our healthcare customers' premises, which negatively impacted our revenue generated from our innovative healthcare IT solutions in the same period. As of the Latest Practicable Date, all of our hospital customers are public hospitals. According to the CIC Report, public hospitals in China are funded by the government, and they have not curtailed their budgets and expenditures under the impact of COVID-19 outbreak. Along with the strengthened control of epidemic outbreak and improved situation in China, we gradually resumed our project execution for the affected projects and gained new projects, as evidenced by the increase in the number of new projects and the revenue generated from our innovative healthcare IT solutions from the first quarter to the second quarter and up to September 2020. Based on the financial information included in the Accountants' Report in Appendix I to this prospectus, the unaudited interim condensed combined financial information for the nine months ended September 30, 2019 and the unaudited interim condensed consolidated financial information for the nine months ended September 30, 2020:

- Our revenue and gross profit in the nine months ended September 30, 2020 increased by approximately 6.1% and approximately 14.2%, respectively, from the nine months ended September 30, 2019;
- Our revenue generated from healthcare institutions in the nine months ended September 30, 2020 increased by approximately 31.4% from the nine months ended September 30, 2019; and
- Our revenue generated from healthcare institutions in the third quarter ended September 30, 2020 increased by approximately 174.5% from the third quarter ended September 30, 2019.

The unaudited interim condensed consolidated financial information for the nine months ended September 30, 2020 has been reviewed by our Reporting Accountants in accordance with the Hong Kong Standard on Review Engagement 2410 "Review on Interim Financial Information Performed by the Independent Auditor of the Entity."

The number of new projects that we had been awarded from healthcare institutions amounted to eight in the third quarter of 2020, with a total estimated contract value of approximately RMB4.4 million.

To accommodate our healthcare customers' requirements and make up for the slowdown in the past months in 2020, we expect to constantly improve our work efficiency and speed up our project execution by allocating more manpower to complete projects and meet completion schedule efficiently, especially in the first half of 2021.

STATISTICS OF THE GLOBAL OFFERING

All statistics in the following table are based on the assumptions that (1) the Global Offering has been completed and 200,000,000 Shares are issued pursuant to the Global Offering; (2) the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option; and (3) 800,000,000 Shares are issued and outstanding immediately after the completion of the Global Offering.

	Based on an Offer Price of HK$3.06 per Share	**Based on an Offer Price of HK$4.36 per Share**
Market capitalization of our Shares	HK$2,448 million	HK$3,448 million
Unaudited pro forma adjusted consolidated net tangible assets per Share(1)	HK$0.89	HK$1.19

(1) Unaudited pro forma adjusted consolidated net tangible assets per Share is calculated after making the adjustments referred to in Appendix II to this prospectus.

Unless the context otherwise requires, the following expressions have the following meanings in this prospectus. Certain other terms are explained in the section headed "Glossary" in this prospectus.

"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles" or "Articles of Association"	our amended and restated articles of association, as adopted by a special resolution passed on December 5, 2020 and to become effective on the Listing Date, and as amended from time to time, a summary of which is contained in Appendix III to this prospectus
"Audit Committee"	the audit committee of the Board
"Beijing Newlink"	Beijing Newlink Technology Co., Ltd. (北京新紐科技有限公司), a limited liability company established under the laws of the PRC on August 15, 2011 and an indirect wholly-owned subsidiary of the Company
"Beijing Newlink Healthcare Information"	Beijing Newlink Healthcare Information Technology Co., Ltd. (北京新紐醫訊科技有限公司), a limited liability company established under the laws of the PRC on September 29, 2018, which is owned as to 90% by Beijing Newlink and as to 10% by Ms. LIU Jin (劉謹), an Independent Third Party
"Board" or "Board of Directors"	the board of directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"BVI"	British Virgin Islands
"Cayman Companies Act" or "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
"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 a 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
"CGI"	The Chartered Governance Institute, formerly known as The Institute of Chartered Secretaries and Administrators in the United Kingdom
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
"CIC Report"	a commissioned report from China Insights Industry Consultancy Limited, the industry consultant of our Company
"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," "our Company," "Newlink," "Group," "our Group," "we" or "us"	Newlink Technology Inc. (新紐科技有限公司*), an exempted company incorporated under the laws of Cayman Islands with limited liability on November 8, 2019, and, except where the context indicated otherwise, all of its subsidiaries or with respect to the period before our Company became the holding company of our current subsidiaries, the business operated by our present subsidiaries or their predecessors (as the case may be)
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Zhai and Nebula SC
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of the Company or any one of them

* *For identification purposes only*

"Earnest Kai"	Earnest Kai Holdings Limited, a company incorporated under the laws of the BVI with limited liability on November 6, 2019 and wholly-owned by Mr. Yuan
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider designated by our Company, Computershare Hong Kong Investor Services Limited
"HK$" or "Hong Kong dollars"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"HKASs"	Hong Kong Accounting Standards
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKICS"	The Hong Kong Institute of Chartered Secretaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Public Offer Shares"	the 20,000,000 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation
"Hong Kong Public Offering"	the offer of the Hong Kong Public Offer Shares for subscription by the public in Hong Kong
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated December 18, 2020, relating to the Hong Kong Public Offering and entered into by, among others, the Sole Sponsor, the Sole Global Coordinator, the Hong Kong Underwriters and our Company
"Independent Third Party(ies)"	an individual or a company which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules

"International Offer Shares"	the 180,000,000 Shares being initially offered by the Company at the Offer Price in the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to any adjustment or reallocation
"International Offering"	the conditional offering of the International Offer Share(s) by the International Underwriters outside the United States in offshore transactions in reliance on Regulation S, as further described in "Structure and Conditions of the Global Offering" in this prospectus
"International Underwriters"	the group of underwriters that are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering and expected to be entered into, by, among others, our Company, the Sole Global Coordinator and the International Underwriters on or about the Price Determination Date, as further described in "Underwriting — Underwriting Arrangements and Expenses — The International Offering" in this prospectus
"Joint Bookrunners"	SPDB International Capital Limited, Futu Securities International (Hong Kong) Limited, AMTD Global Markets Limited and China Merchants Securities (HK) Co., Limited
"Joint Lead Managers"	SPDB International Capital Limited, Futu Securities International (Hong Kong) Limited, AMTD Global Markets Limited and China Merchants Securities (HK) Co., Limited
"Latest Practicable Date"	December 11, 2020, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Lead Bookrunner"	Mont Avenir Capital Limited
"Lead Manager"	Mont Avenir Capital Limited
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about January 6, 2021 on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange

"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
"Memorandum" or "Memorandum of Association"	Our amended and restated memorandum of association, conditionally approved and adopted by a special resolution passed on December 5, 2020 and to become effective on the Listing Date, as amended, supplemented or otherwise modified from time to time
"MOF"	Ministry of Finance of the People's Republic of China (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the People's Republic of China (中華人民共和國商務部)
"Mr. Yuan"	Mr. YUAN Yukai (袁宇凱), a financial investor of our Group (being one of the controlling shareholders of our Company prior to the Listing) and a substantial shareholder of our Company upon Listing
"Mr. Zhai"	Mr. ZHAI Shuchun (翟曙春), our chairman of the Board, executive Director, chief executive officer and one of our Controlling Shareholders
"NDRC"	National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會)
"Nebula SC"	Nebula SC Holdings Limited, a company incorporated under the laws of the BVI with limited liability on November 6, 2019 and wholly-owned by Mr. Zhai
"Newlink BVI"	Newlink Holdings Limited, a company incorporated under the laws of the BVI with limited liability on November 18, 2019 and a wholly-owned subsidiary of the Company
"Newlink HK"	Newlink Technology Holdings (Hong Kong) Limited (新紐科技控股(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability on December 2, 2019 and an indirect wholly-owned subsidiary of the Company
"NHC"	National Health Commission of the People's Republic of China (中華人民共和國國家衛生健康委員會)
"NHFPC"	National Health and Family Planning Commission of the People's Republic of China (中華人民共和國國家衛生和計劃生育委員會)

"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$4.36 and expected to be not less than HK$3.06, such price to be agreed upon by our Company and the Sole Global Coordinator (on behalf of the Underwriters) on or before the Price Determination Date
"Offer Shares"	the Hong Kong Public Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by us to and exercisable by the Sole Global Coordinator (for and on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to an aggregate of 30,000,000 additional Shares (representing 15% of our Shares initially being offered under the Global Offering) to cover over-allocations in the International Offering, details of which are described in the section headed "Structure and Conditions of the Global Offering — Over-allotment Option" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Post-IPO Share Option"	options to be granted pursuant to the Post-IPO Share Option Scheme
"Post-IPO Share Option Scheme"	the post-IPO share option scheme conditionally adopted by our Company on December 5, 2020, the principal terms of which are summarized in "Appendix IV – Statutory and General Information – D. Post-IPO Share Option Scheme"
"PRC Legal Advisors"	Grandway Law Offices, being the legal advisors to the Company as to the PRC laws
"Price Determination Date"	the date, expected to be on or about Thursday, December 24, 2020 (Hong Kong time), when the Offer Price is determined and, in any event, no later than Tuesday, January 5, 2021
"Regulation S"	Regulation S under the U.S. Securities Act
"related parties"	has the meaning as set out in the paragraph headed "Related parties" under Note 2.4 to the Accountants' Report set out in Appendix I to this prospectus

"Reorganization"	the corporate reorganization of our Group conducted in preparation for the Global Offering, details of which are described in the section headed "Our History and Corporate Development — Our Reorganization"
"RMB"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the People's Republic of China (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the People's Republic of China (中華人民共和國國家工商行政管理總局) or the State Administration for Market Regulation (國家市場監督管理總局) after the 2018 State Council Reform
"SAT"	State Taxation Administration of the People's Republic of China (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the share capital of the Company with a par value of US$0.000001 each
"Shareholder(s)"	holder(s) of Shares
"Sole Global Coordinator"	Mont Avenir Capital Limited
"Sole Sponsor"	Mont Avenir Capital Limited
"Stabilizing Manager"	Mont Avenir Capital Limited
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period consisting of the three years ended December 31, 2019 and the six months ended June 30, 2020
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement

"U.S." or "United States"	the United States of America
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US$" or "U.S. dollar(s)"	United States dollars, the lawful currency of the United States
"WFOE" or "Newlink Technology"	Newlink Technology (Beijing) Co., Ltd. (紐領科技(北京)有限公司), a limited liability company established under the laws of the PRC on December 19, 2019 and an indirect wholly-owned subsidiary of the Company
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require such Hong Kong Public Offer Shares to be issued in the applicants' own names
"**White Form eIPO**"	the application for Hong Kong Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** Service Provider, **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require such Hong Kong Public Offer Shares to be deposited directly into CCASS
"%"	per cent

Translated English names of Chinese natural persons, legal persons, governmental authorities, institutions or other entities for which no official English translation exist are unofficial translations for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.

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

This glossary contains definitions of certain technical terms used in this prospectus in connection with our Company. Such terms and their meanings may not correspond to standard industry definitions or usage.

"5G"	the fifth generation of mobile telecommunication standards
"AI" or "artificial intelligence"	intelligence demonstrated by machines, in contrast to the natural intelligence displayed by humans and other animals
"BEAI"	Business Enterprise Application Integration, the use of technology and services to enable the integration of business processes, workflows, and databases across all of an organization's systems
"big data analytics"	the use of advanced analytic techniques against very large and diverse data sets, which greatly exceed the capabilities of traditional database software tools in terms of data collection and analysis, to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information that can help organizations make more informed business decisions
"CAGR"	compound annual growth rate
"Class II Grade A hospital(s)"	hospitals of second to the top level in the NHFPC hospital classification system
"Class III Grade A hospital(s)"	hospitals of the top level in the NHFPC hospital classification system
"cloud computing"	a model enabling ubiquitous, convenient, and on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, data storage, computing power, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction
"CMMI"	Capability Maturity Model Integration
"DevOps"	a set of practices that combines software development (Dev) and information-technology operations (Ops) which aims to shorten the systems development life cycle and provide continuous delivery with high software quality
"distributed computing"	a technique under which components of a software system are shared among multiple computers to improve efficiency and performance

"DNN"	deep neural network, a deep learning architecture inspired by information processing and distributed communication nodes in biological systems and is applied to enhance data capturing and analysis capabilities
"domain name"	an identification string that defines a realm of administrative autonomy, authority or control within the Internet
"EMR"	electronic medical record, a systematized collection of patient and population electronically-stored health information in a digital format
"hardware"	physical elements that constitute a computer system, such as central processing unit, monitor, mouse, keyboard and hard disk
"HIS"	hospital information system, a computer system that collects and stores medical information and data for healthcare service providers
"HRP"	hospital resource planning, a system that helps hospitals implement management strategies and achieve centralized control and distribution of resources
"IT"	information technology
"LIS"	laboratory information system, a software system that records, manages and stores data for clinical laboratories
"NLP"	natural language processing, an AI technology that is applied to achieve text recognition by programing computers to process and analyze large amounts of human (natural) language data
"over-the-counter bond"	a type of government bonds in China that is issued over the counter of qualified commercial banks that are authorized by PBOC to offer such bond
"PACS"	picture archiving and communication system, a medical imaging technology used for storing, retrieving, presenting and sharing images produced by medical hardware, such as x-ray
"repeat customer(s)"	existing customers who either renew their existing contracts with us or engage us for new contracts in a given period
"RIS"	radiological information system, a core system for the electronic management of imaging departments in hospitals that can achieve patient scheduling, resource managements, examination performance tracking, reporting, results distribution and procedure billing

"RPA" or "Robotic Process Automation"	the application of technology that allows IT engineers to configure computer software or a robot to capture and interpret existing applications and data for processing a transaction, manipulating data, triggering responses and communicating with other systems
"server"	a computer system that provides services to other computing systems over a computer network
"software"	any set of machine-readable instructions that directs a computer' processor to perform specific operations
"telemedicine"	the practice of caring for patients remotely when healthcare service providers and patients are not physically present with each other
"UnionPay"	China UnionPay Co., Ltd. (中國銀聯股份有限公司), the only bank card clearing house and bank card association in China. It operates an inter-bank transaction settlement system through which the connection and switch between banking systems and the inter-bank, cross-region usages of bank cards issued by associate banks may be realized

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

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. Forward-looking statements can be identified by words such as "may," "will," "should," "would," "could," "believe," "expect," "anticipate," "intend," "plan," "continue," "seek," "estimate" or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our projections, business strategy and development activities as well as other capital spending, financing sources, the effects of regulation, expectations concerning future operations, margins, profitability and competition. The foregoing is not an exclusive list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against placing undue reliance on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our business prospects;
- our business strategies and plans to achieve these strategies;
- changes in laws, rules and regulations applicable to us;
- future developments, trends and conditions in and competitive environment for the industries and markets in which we operate;
- general economic, political and business conditions in the markets where we operate;
- our financial condition and performance;
- our capital expenditure plans;
- changes to the regulatory environment, policies, operating conditions of and general outlook in the industries and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- the amount and nature of, and potential for, future development of our business;

- the actions of and developments affecting our competitors; and

- certain statement in the sections headed "Risk Factors," "Industry Overview," "Regulatory Overview," "Business," "Financial Information," "Relationship with Our Controlling Shareholders" and "Future Plans and Use of Proceeds" with respect to trends in interest rates, foreign exchange rates, prices, operations, margins, risk management and overall market trends.

Any forward-looking statement made by us in this prospectus speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

Investing in our Shares involves risks. Before deciding to invest in the Shares, you should carefully consider all of the information in this prospectus, including the following risk factors, in light of the circumstances and your own investment objectives. The occurrence of any of the following events could materially and adversely affect our business, results of operations and financial condition, in which case the trading price of our Shares could also decline, and you could lose part or all of your investment. You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands and that our principal operations are conducted in China and are governed by a legal and regulatory environment that may differ significantly from that of other countries.

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorized as (1) risks relating to our business and industry; (2) risks relating to doing business in China; and (3) risks relating to the Global Offering. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations and financial condition. You should consider our business and prospect in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We face risks and uncertainties regarding the evolving IT solution market, which impose a significant burden on the research and development and maintenance of our solutions.

We offer a comprehensive spectrum of IT solutions for financial institutions and healthcare institutions in China, and we generate most of our revenue from the development and sale of such solutions. The IT solution market, in particular, the finance IT solution industry and the healthcare IT solution industry in China, are experiencing rapid developments, subject to continuous technological innovations, changing customer demands and regulatory requirements. As such, the level of demand and market acceptance of our solutions are subject to a high degree of uncertainty. In addition, we plan to spend the net proceeds from the Global Offering primarily on upgrading our existing solutions and developing new solutions. See "Future Plans and Use of Proceeds — Use of Proceeds." If we fail to improve our existing solutions as well as to develop and introduce new solutions with features meeting evolving customer demands, industry standards and regulatory requirements as expected in a timely and cost-effective manner, our solutions may become less attractive, or even obsolete. As a result, we may not be able to attract new customers and may suffer from a shrinkage of the existing customer base, which could adversely affect our business, results of operations and financial condition. We have applied various IT technologies including, among others, data collection and preprocessing, data analysis and data mining, data visualization and distributed trading architecture in our solution offerings. Our research and development efforts are focused on developing and testing new and complementary software-driven solutions, as well as further enhancing the usability, functionality, reliability and flexibility of our existing solutions. As a result, our cost of research and development and maintenance could be extremely high. However, the drastic changes of the IT solution market make its trends difficult to predict, and our investments in research and development and maintenance may not generate expected returns, which could adversely affect our business, results of operations and financial condition. In particular, we started to provide our over-the-counter bond bookkeeping system for financial institutions since August 2018. As the over-the-counter bond issuance is a new type of commercial bank business, we cannot guarantee that the market for over-the-counter bond issuance business will grow at a speed we expect or our system will capture the market growth. Also, we started to provide our healthcare IT solutions for healthcare institutions since November 2018. As this is a new and evolving area according to the CIC Report, we cannot guarantee that the market will grow at a speed we expect or our IT solutions can gain wide acceptance in this evolving market. If the markets for our solutions fail to grow as expected, or we are unable to maintain or increase our market share, our business, results of operations and financial condition may be materially and adversely affected.

We provide solutions to our customers on a project-by-project basis which exposes us to the risk of uncertainty and potential volatility with respect to our revenue.

We provide solutions to our customers on a project-by-project basis and this is not recurrent in nature. The duration of our projects normally ranges from three months to one year. After the expiry of the original warranty period, our customers may further engage us to provide technical and maintenance services for the solutions that we delivered to them. However, we cannot guarantee that our customers will continuously engage us for the technical and maintenance services or continue to provide us with new businesses. In general, except for certain technical and maintenance services contracts which last up to three years, we do not have long-term contracts with our customers, which create uncertainty to our future revenue streams. Our business and future revenue will likely be adversely affected if we are unable to secure new engagements with our new customers or our existing customers do not continue to engage us.

It is also difficult to forecast future purchases of our customers. We provide customized solutions to meet the specific needs of our customers on a project-by-project basis. The contract sum is determined by various factors including complexity of the solutions, technical specification requirements, system configurations and our expected workload. As such, the revenue generated from each customer is different for each contract. We cannot assure you that we can secure future engagements with contract sum comparable with the engagements during the Track Record Period. The sustainability of the financial performance including the number of projects undertaken, the total revenue contributed from the projects and revenue from each customer is uncertain. Our financial performance may therefore fluctuate from year to year, and can be unpredictable.

During the Track Record Period, we derived a substantial amount of our revenue from certain customers, and any decrease or loss of business from them could materially and adversely affect our business, results of operations and financial condition.

Our customers primarily include banks, trust companies, asset management companies and other financial institutions, hospitals and other healthcare institutions in China. In 2017, 2018, 2019 and the six months ended June 30, 2020, revenue generated from our largest customer accounted for 25.7%, 24.0%, 16.0% and 22.6% of our total revenue during the same periods, respectively, and revenue generated from our five largest customers accounted for 82.8%, 65.8%, 52.9% and 62.7% of our total revenue during the same periods, respectively. We expect to continue to derive a significant portion of our revenue from these customers in the near future. However, we cannot assure you that these customers will continue to engage us for our solutions, and in comparable, not worse, scales and terms.

A number of factors could negatively affect customer growth and retention, including:

- we may not be able to timely develop and provide solution updates or new solutions in accordance with evolving customer demands, industry standards and regulatory requirements;
- we may fail to timely update existing technologies or develop new technologies to stay ahead or abreast of market advances; and
- our competitors may develop solutions similar to or better than ours, which may result in loss of existing customers or decline in new customer growth.

Also, any change in the strategic focus of our major customers resulting in a reallocation of resources away from their needs in our solutions could affect their willingness to engage us for further cooperation. Our major customers primarily include banks, trust companies, asset management companies and hospitals, which are heavily regulated in China. If there is any adverse change of relevant governmental policies or general economic conditions in China, the business performance of our major customers might be affected negatively, and their business strategies may thus be altered, which may in turn result in a decreased demand of our solutions, or even result in a termination of business relationship with us.

If our new solutions and services are not effectively promoted or do not achieve market acceptance, our business, results of operations and financial condition may be materially and adversely affected.

We have invested significant resources into the research and development of new solutions and services. As we operate in an evolving industry, our long-term results of operations and continued growth will depend on our ability to successfully develop and market new successful solutions and services to our customers. In response of the evolving demands of our customers, we launched our RPA solution in March 2018 and our over-the-counter bond bookkeeping system in August 2018. We also launched our first healthcare IT solution, namely the medical quality control and safety warning system, in November 2018 and our clinical pathway management system in November 2019. Our limited history of providing such solutions for our customers may not serve as an adequate basis for evaluating the prospects of such solutions and our operation results in respect of such solutions. In addition, we plan to spend the net proceeds from the Global Offering primarily on upgrading our existing solutions and developing new solutions. See "Future Plans and Use of Proceeds — Use of Proceeds." If we fail to meet the evolving demands of our customers or fail to effectively promote and successfully commercialize our new solutions and services, our operating and financial results may differ materially from our expectations and our business, results of operations and financial condition may be adversely affected.

We are exposed to credit risks of our customers and our outstanding trade receivables and trade receivables turnover days remained at a relatively high level during the Track Record Period.

Our business operations are subject to the risk of payment deferrals and/or defaults by our customers. For our software development services, most of our contracts provide for periodic installments from our customers based on project milestones, such as delivery, installation and testing of our solutions. However, we incur costs associated with a project, primarily including staff costs relating to project execution and software development, electronic equipment and certain project implementation expenses, on an ongoing basis from the beginning. As a result, we are required to make prepayments for certain project costs and expenses before receiving sufficient payments from our customers.

During the Track Record Period, we typically granted to our customers a credit period ranging from 30 to 180 days upon receipt of certain forms of acceptance from our customers, depending on contract terms and our evaluation of customer's creditworthiness. In determining the actual length of credit terms granted to a specific customer, we consider various factors such as reputation, length of business relationship and past payment records. Our trade receivables turnover days in 2017, 2018, 2019 and the six months ended June 30, 2020 were 33 days, 112 days, 174 days and 265 days, respectively. We recorded a large amount of receivables from certain customers with whom we have maintained a long-term business relationship, primarily including top-tier banks, trust companies, asset management companies and Class III Grade A hospitals, which are in good standing and have strong creditworthiness and bargaining power. However, such customers normally have stricter internal payment and settlement processes, which have led to a longer payment cycle of such customers. As of December 31, 2017, 2018 and 2019 and June 30, 2020, we recorded impairment on trade receivables of RMB5,000, RMB0.1 million, RMB0.9 million and RMB2.0 million, respectively. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our trade receivables amounted to RMB3.8 million, RMB70.0 million, RMB72.3 million and RMB99.1 million, respectively. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our trade receivables aged more than 90 days amounted to nil, RMB10.8 million, RMB38.9 million and RMB75.9 million, respectively, representing nil, 15.4%, 53.8% and 76.6% of our trade receivables as of the same dates, respectively. For more details, see "Financial Information — Discussion of Certain Items from the Consolidated Statements of Financial Position — Trade Receivables."

We are thus exposed to the risk that customers may delay or even be unable to pay when milestones are reached or upon completion of contracts. These may put our cash flow and working capital under pressure. We cannot assure you that we will be able to fully recover the outstanding amounts due from our customers in a timely manner pursuant to the payment schedules listed in our agreements, or at all. If we fail to receive such outstanding amounts from customers in full amounts or in a timely manner, or at all, then our liquidity might be worsened, our investment ability in the research and development of our solutions might be hampered, and our business and financial conditions will be materially and adversely affected. If we are unable to collect our bills in a timely manner or at all, we could be in default of our payment obligations and may not be able to implement our business strategies as planned. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to sustain our rapid growth, effectively manage our growth or implement our business strategies.

Our chairman of the Board and chief executive officer, Mr. Zhai, joined us in December 2016 and has been in charge of our overall management of us since then. Our limited operating history under Mr. Zhai's management may make it difficult to evaluate our prospects and future performance. Our revenue increased significantly from RMB21.1 million in 2017 to RMB120.6 million in 2018, and further increased by 23.5% to RMB149.0 million in 2019. Our revenue increased by 4.6% from RMB56.2 million in the six months ended June 30, 2019 to RMB58.8 million in the six months ended June 30, 2020. However, our growth during the Track Record Period may not be indicative of our future performance due to our limited operating history. We plan to continue to expand our scale of operations through investments in the research and development of our technologies and solutions. See "Future Plans and Use of Proceeds — Use of Proceeds." We expect to capitalize a portion of our investment in the research and development of our solutions pursuant to the criteria set forth in the "Future Plans and Use of Proceeds" section in this prospectus, and expense the rest portion, which may have an impact on our business, results of operations and financial condition. We might not grow at a rate comparable to our growth rate in the past, either in terms of revenue or profit. We may not be successful in maintaining or increasing overall profitability or generate positive cash flow going forward. Our future growth and our ability to sustain profitability are dependent on many factors, including, among others, growth of the finance IT solution industry and the healthcare IT solution industry in China, the market acceptance of our solutions, the profitability and strategic focuses of our customers and our ability to implement our business strategies, to effectively compete against existing and potential competitors and to improve our operational, financial, accounting and other internal systems and controls. Expansion of our business also requires capital commitments and could divert management resources away from our current business. There is no assurance that we can successfully implement our growth strategy or do so without straining our management resources, which could adversely affect our business, results of operations and financial condition. Any of the foregoing factors could limit our ability to grow and sustain profitability in the future.

If we fail to compete effectively, we may lose customers, which could materially and adversely affect our business, results of operations and financial condition.

We face intensive competition from other companies that focus on developing and commercializing IT solutions for financial institutions or healthcare institutions. We also face competition from traditional players that focus on IT solutions for general enterprises' use. Additionally, we may face potential competition from global IT solution providers that seek to enter the China market, whether independently or through the formation of strategic alliances with, or acquisition of, PRC software companies. Some of our competitors and potential competitors are larger and have greater brand recognition, longer operating histories, more established customer relationships, larger budgets, and greater resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, customer demands, industry standards and regulatory requirements. Also, our competitors may offer solutions that address customers' needs at lower prices or with greater depth than our solutions. Our competitors may develop and market new technologies with comparable functionality to our solutions, which may compel us to lower our prices in order to remain competitive. In particular, we face intense competition in the tendering process for IT solutions in China. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our revenue generated from engagements obtained through the tendering process amounted to RMB9.3 million, RMB43.7 million, RMB72.4 million, RMB24.8 million and RMB28.4 million, respectively, and accounted for 44.2%, 36.3%, 48.6%, 44.2% and 48.3% of our total revenue during the same periods, respectively.

If we are not able to effectively compete with our competitors, our customer base may decrease, which could materially and adversely affect our business, results of operations and financial condition. We may be required to spend additional resources to further increase our brand recognition and promote our solutions, and such additional spending could adversely affect our profitability. And if we cannot succeed in our competitive tenders, our brand image and reputation may be adversely affected, and the sustainability of our business may also be adversely affected in the long run. Furthermore, if we are involved in disputes with any of our competitors or customers that result in negative publicity to us, such disputes, regardless of their veracity or outcome, may harm our reputation or brand image and in turn lead to a reduced number of customers. Any legal proceedings or measures we take in response to competition and disputes with our competitors may be expensive, time-consuming and disruptive to our operations and divert our management's attention.

Errors, defects, disruptions, any other malfunction or quality issues of our solutions or interruption of information system and technological infrastructure could diminish demand for our solutions, harm our financial results, and subject us to liability.

Our customers use our solutions in the daily operations of their businesses, and any errors, defects, disruptions, any other malfunctions of our solutions or interruption of technological infrastructure could harm the business of our customers and hurt our reputation.

While we always try to improve our solutions and detect and fix software problems to minimize any possible harm caused by our solutions to customers, we cannot assure you that there would not be any malfunctions of our solutions, or that these malfunctions would not cause losses to our customers' business. We typically provide a warranty period which ranges from 12 months to 36 months for our solutions. Our customers may discover latent defects in our solutions that were not apparent at the time of the implementation of our solutions. Such defects may be discovered before or after the warranty period has expired. During the Track Record Period, we discovered software errors and bugs in our solutions after they were released to our customers and new errors in our existing solutions may be detected in the future. Such errors or malfunctions of our solutions could result in negative effects on our customers' business, and thus directly decreases their demand for our solutions, or put us at inferior position in future bargaining process with them. Such malfunctions would also harm the reputation of our solutions and business in general, and result in a decrease of acceptance of our Group in a large scale. Furthermore, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct problems, or indemnify losses, and may even incur legal fees or other expenses during this process to decide liability. As a result, we would face the risk of decreasing solution demand, and even liability, and our business operations could be materially harmed.

In addition, our business operations and success depend on the stable performance of our information system and technological infrastructure, which we use to, among others, communicate with our suppliers and customers, and develop solutions and review solution performance. Any failure that interrupts our ability to provide services to customers could significantly reduce the attractiveness of our solutions to customers and reduce our revenue. Our information system and technological infrastructure are vulnerable to a variety of events, including telecommunication failures, power shortages, malicious human acts and natural disaster. If we experience any breakdown, malfunctions or failure of our information system and technological infrastructure, our services to be provided to customers may be interrupted, thereby adversely affect our reputation, operation and financial results.

We may enter into fixed-price contracts for our solutions delivered to our customers, and our failure to accurately estimate the resources and time required for these contracts could materially and adversely affect our business, results of operations and financial condition.

In delivering our solutions to our customers, we may enter into fixed-price contracts with our customers, which requires us to undertake projections and planning related to manpower required, purchases of necessary hardware or software products, and bear other costs in performing the contracts. We bear the risk of cost overruns and completion delays in connection with these contracts. In particular, we may be unable to recover any cost overruns with our customers by amending the relevant contracts to respond to the changing circumstances.

There may be various factors affecting the actual time taken and cost incurred by us in completing the contracts, including, among others, delay in supply of products and services by third party suppliers, technical difficulties, lack of manpower and other unforeseeable problems and circumstances. Delay in completion or cost overruns could be caused by any one of these factors, which may result in lower profits or losses in contracts. In addition, we may be unable to pass on any increase in costs to our customers if we experience an unexpected cost increase, such as an increase in the prices of products and services provided by third parties, during the period from signing of a contract to placing purchase orders to our suppliers.

These unforeseen factors which we are exposed to may hinder the smooth implementation of our solutions within the fixed budget and time frame, which would cause cost overruns and penalties. During the Track Record Period, we did not encounter any of contracts delays or cost overruns that had a material adverse effect on our financial condition or results of operations. However, we cannot assure you that we will be able to accurately estimate the resources and time required for completing our contracts in the future, and failure to do so may materially and adversely affect our business, results of operations and financial condition.

We rely on our technical staff to maintain, improve and innovate our solutions, and any failure to retain our technical staff would materially and adversely affect our business and results of operations.

Our technical team consisted of 403 employees as of June 30, 2020, who are primarily responsible for developing, testing and implementing new and complementary software-driven solutions, as well as further enhancing the usability, functionality, reliability and flexibility of our existing solutions. Since our inception, our technical team has developed substantially all core technologies used in our solutions. As our software-driven solutions developed by our technical team constitute our core business and generate substantially all profits of our Group, our technical staff with high credentials in the industry constitute our core competence, and we rely heavily on them for the success of our business operations. We have provided competitive compensation and implemented mechanisms to retain our technical staff, and have included confidentiality provision in the employment contracts with our core technical staff and included non-compete provision for personnel participating in our key contracts. As experienced technical talents are in high demand in the industry, our competitors may solicit the core members of our technical team through various means to work for them, and thus we may experience a high turnover of our technical staff. Finding equivalent and suitable replacements for our technical staff can be difficult and may take an exceptionally long time. During this process, our technological capabilities would be materially and adversely impaired, which would result in a serious loss of our business.

We may fail to transfer and apply the underlying technologies and algorithms that we developed for our finance IT solutions to developing our innovative healthcare IT solutions, which could materially and adversely affect our business, results of operations and financial condition.

As both our finance IT solutions and innovative healthcare IT solutions are developed based on our capability to integrate large amounts of data and achieve data collection and preprocessing, distributed computing, data analysis, data mining and data visualization for our customers, our technological capability accumulated from developing finance IT solutions were transferrable to develop our innovative healthcare IT solutions. During the Track Record Period, we have transferred and applied the underlying technologies and algorithms that we developed for our finance IT solutions to developing our innovative healthcare IT solutions. See "Business — Our Technologies — Application of Transferrable Technological Capability from Financial IT Solutions to Healthcare IT Solutions." However, we cannot assure you that we will always be able to successfully transfer and apply the underlying technologies and algorithms that we developed for our finance IT solutions to developing our innovative healthcare IT solutions. We may need to make additional investments in the research and development of our technologies and solutions. In addition, we may fail to timely update our existing technologies or develop new technologies to stay ahead or abreast of market advances in the healthcare IT solution industry in China, where we face increasingly keen competition. All of these could materially and adversely affect our business, results of operations and financial condition.

Our contracts may be modified or terminated by our customers and our contract value may not be recognized timely, or at all.

The contract value of a project represents the amount that we expect to receive under the terms of the contract assuming such contract is performed in accordance with its terms. As we typically complete our projects in three months to one year, a substantial portion of the contract value can be recognized as revenue within a year after project launch. The contract value for new contracts we entered into with our customers in 2017, 2018, 2019 and the six months ended June 30, 2020 amounted to RMB63.8 million, RMB110.6 million, RMB126.7 million and RMB47.4 million, respectively. We determine the amount of our contract value based on the assumption that the relevant contracts will be performed in full in accordance with their terms. As this assumption may not be true with respect to each and every relevant contract we have executed or will execute in the future, our contract value amounts may not be indicative of our actual earnings in the future.

We cannot assure you that we will not be subject to any material modification, termination or cancellation of contracts by our customers in the future, and such material modification, termination or cancellation may have a material adverse effect on our results of operations. We also cannot guarantee that our contract value will be recognized timely, or at all, or that our amount once recognized will result in profits. Based on the foregoing, we caution you not to rely on our contract value information presented herein as an indicator of our future results of operations and earnings.

We rely on data collection from HIS and other databases of our customers to operate our medical quality control and safety warning system and other solutions for healthcare institutions, and any severe limitation in permission to access to HIS or other databases could diminish the functions of our solutions.

We have developed our medical quality control and safety warning system as an integrated medical quality supervision and real-time safety early warning analysis platform covering all hospital departments and units to enable hospitals to lower the risk of medical malpractice, improve operational efficiency and achieve information sharing with other hospitals. We have been continuously building a medical knowledge pool and gathering large amounts of data from HIS and other medical databases of our hospital customers to train and program the robots in our medical quality control and safety warning system. Many functions of such system as well as our other healthcare IT solutions, including data analysis, data transformation, forecasting and warning, rely on the medical data acquiring from the existing HIS or other databases of our hospital customers. As such, if the hospitals forbid or severely limit our access to HIS or other databases or if the quality of the medical data acquiring from the existing databases are not as good as expected, our system may not function well or even fail. Any failure that interrupts our ability to provide solutions to customers could significantly reduce the attractiveness of our solutions to customers and reduce our revenue. If we are forbidden or have severely limited access to the HIS or other databases of our hospital customers or if we are unable to get access to quality medical data for our solutions' functioning, our solutions to be provided to customers may be interrupted, thereby adversely affect our business, results of operations and financial condition.

We are exposed to the risk of information and data leakage of customers and their clients.

We do not collect or store any confidential information regarding our customers or their clients. We generally provide solution implementation and technical and maintenance services at our customers' premises. During the course of our operation, our on-site project execution personnel may have access to certain proprietary or confidential information pertaining to our customers or their businesses and clients while they perform their duties to our customers. For our data analysis at our office for the research and development purpose, we generally require our customers to desensitize the data before they providing such data to us for further processing. See "Business — Data Security and Protection — Data Protection." We also enter into confidentiality agreements with our employees who have access to any customer information and data. The confidentiality agreements provide that, among others, these employees are legally obligated not to share, distribute or sell the confidential information, including the customer information in possession, to any third parties, including other employees who have no access to the information.

Despite our efforts to safeguard customer information and data, there is no guarantee that we can successfully prevent information and data leakage. Any failure or perceived failure of our privacy-related obligations to customers or other third parties, any privacy laws or regulations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, may result in governmental enforcement actions, litigation or public statements against us by our customers or others, cause harm to our customers and hurt our reputation, and thus may materially and adversely affect our business, results of operations and financial condition.

Our business may be subject to seasonal effects, and any disruption of business during any particular seasons could adversely affect our liquidity and results of operations.

Our business generally experiences some effects of seasonal variations. Some of our major customers tend to enter into contracts with us and/or conduct the inspection and other procedures for acceptance of our services under many contracts entered into with us in the fourth quarter of a year due to their internal procurement procedures and approval and payment process, which may result in a fluctuation of our revenue. Our revenue also fluctuates due to other factors affecting our income such as the general economic environment in China. The seasonality changes may cause fluctuations in our financial results and any occurrence that disrupts our business during any particular seasons could have a disproportionately material adverse effect on our liquidity and results of operations.

Failure to effectively expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our solutions.

Our ability to increase customer base and achieve broader market acceptance of our solutions will depend to a significant extent on our ability to expand our sales and marketing capabilities. We expect to expand our sales and marketing capabilities to target enterprises in broader geographical areas in the future. However, there is no guarantee that we will be successful in attracting and maintaining these enterprises as customers. Even if we are successful in expanding our customer base, if these efforts paid to analyze their needs and market our solutions to them would divert our limited resources away from existing customers, our ability to attract and maintain our current major customers would be negatively impacted, which might cause a loss of our current customer base and adversely affect our business operation and financial results.

If we are unable to hire, develop and retain talented sales and marketing personnel, or if our new sales and marketing personnel are unable to achieve desired performance levels in a reasonable period of time, we may not be able to enlarge our current customer base and achieve broader market acceptance of our solutions, and our business, results of operations and financial condition could be adversely affected.

Any failure to protect our intellectual property rights may adversely affect our business and reputation.

We regard our copyrights, trademarks and other intellectual properties as critical to our success, and rely on a combination of trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual properties to protect these rights. As of the Latest Practicable Date, we registered one domain name, 51 software copyrights, one trademark and one patent in China. Although we have included confidentiality provision in the employment contracts with our core technical staff and included non-compete provision for personnel participating in our key contracts, we cannot assure you that these confidentiality and non-compete agreements will not be breached, that we will have adequate remedies for any breach, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. Despite our efforts to protect our intellectual property, third parties may still manage to acquire or otherwise misappropriate our intellectual property without authorization. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors.

A high cost is typically required to implement a mechanism monitoring and detecting unauthorized use of our intellectual property, and this mechanism may be inadequate to fully detect all intellectual property misappropriations. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Furthermore, defending ourselves against intellectual property infringements through litigations can be costly and may involve intensive work. The practice of enforcement actions relating to intellectual property rights by the governmental authorities in China is at its early stage of development and is subject to significant uncertainty, and we may fail to obtain favorable judgments from these authorities. Even if we manage to obtain such favorable judgments, there is no guarantee that our intellectual property rights will be enforced effectively to prevent any unauthorized use by others. Moreover, for those proprietary technologies not yet protected by intellectual property rights registered with the relevant competent governmental authorities in China, third parties may obtain and use these technologies, which may harm our business and adversely affect the results of our operations. In addition, any intellectual property rights that we obtain may be challenged by others or invalidated through administrative processes or litigations.

Any failure in protecting or enforcing our intellectual property rights could materially and adversely affect our business, results of operations and financial condition. Our inability to protect our proprietary technologies against unauthorized copying or use could delay further sales or the implementation of our solutions, impair the functionality of our solutions, delay introductions of new solutions, result in our substituting inferior or more costly technologies into our solutions, or injure our reputation.

Third parties may claim that we infringe their intellectual property rights, which could cause us to incur significant legal expenses and prevent us from promoting our solutions.

As we face increasing competition and as litigation becomes a more common way to resolve disputes in China, we face a higher risk of being the subject of intellectual property infringement claims. Some of our customers are entitled to the intellectual property rights for the customized solutions we specifically designed and delivered for them. We also rely on intellectual properties owned by third parties for some software development through licensing arrangements. For example, in order to save our manpower from simple and repetitive programming work, we purchased Web Builder and X5 Mini, which are tools developed by third parties, to conduct simple and repetitive programming work relevant to data display and process control during our product development. Using our best efforts, we have implemented many procedures to ensure compliance with intellectual property laws, and we were not involved in any intellectual property infringement actions brought by third parties in the PRC that would have a material adverse effect on our results of operations during the Track Record Period and up to the Latest Practicable Date. However, there is no guarantee that third-party right holders will not assert intellectual property infringement or other related claims against us in the future. Defending against intellectual property claims is costly and can impose a significant burden on our ability to develop, launch and sell our solutions, and may harm our reputation in the industry.

We depend on the availability and proper functioning of certain third party products that we utilize or incorporate into our solutions and the services provided by our suppliers. Should there be any disruption in their supply, or the products and services provided by our suppliers be defective or fail to meet the required standards, our business and reputation may be adversely affected.

We rely on third party suppliers to provide us with software products, electronic equipment and services, such as software development and technical support services, necessary for our business operation. In 2017, 2018, 2019 and the six months ended June 30, 2020, purchases from our largest supplier accounted for 36.0%, 22.8%, 36.8% and 32.7% of our total purchases during the same periods, respectively, and purchases from our five largest suppliers accounted for 88.0%, 77.7%, 85.9% and 67.2% of our total purchases during the same periods, respectively. We do not carry significant inventories of, and might not have guaranteed supply for, these products and services. If any of our suppliers were to cease, suspend or limit production or shipment of these products to us, or cease, suspend or limit their services provided to us, or adversely modify supply terms or pricing, our ability to successfully implement solutions or provide our services may be materially impaired. We cannot assure you that we will be able to obtain these products and services or acceptable substitutes from alternative suppliers on commercially reasonable terms or at all.

Moreover, third party products may also include design or manufacturing defects or errors that could adversely affect the performance of our solutions. As a result, we may be responsible for additional warranty costs to replace or repair such products. We also cannot assure you that all such defects and issues would be detected and resolved to meet our customers' required standards. We may also be subject to legal proceedings initiated by our customers in relation to the product defects. In addition, such defects or errors may harm our market reputation as well as significantly reduce our sales.

Our business depends substantially on the continuing efforts of our management and other key personnel, as well as a competent workforce that supports our existing operations and future growth. If we fail to attract, motivate and retain talents, our operations and growth prospects may be severely disrupted.

Our future success heavily depends upon the continuing services of our management and other key personnel. In particular, we rely on the expertise, experience and vision of our chairman of the Board and chief executive officer, Mr. Zhai, as well as other members of our senior management team. We also rely on the technical know-how and skills of other key personnel, including our key technical staff and technology supervisors. If any of our senior management or key personnel becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily or at all. If any of our senior management and key personnel leaves us and solicits our customers, we may be subject to the risk of customer attrition. In addition, our customers may require us to maintain a stable technical team during the project execution, and a violation of such requirement will be considered as a default by us. If any of the foregoing happens, we may lose our customers, compensate our customers under relevant contract provisions, or re-negotiate with our customers to make new arrangements for existing contracts. See "Business — Employees." As a result, our business may be severely disrupted, our results of operations and financial condition may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain key personnel.

Our existing operations and future growth require a sizeable and competent workforce. For example, the effective operation of our IT system, and other back office functions depends in part on our professional employees. We also rely on experienced personnel for our business aspects of technology, solution design, operation and others to anticipate and effectively respond to changing customer preferences and market trends. However, our industry is characterized by high demand and intense competition for talents. In order to attract and retain talents, we may need to offer higher compensation, better trainings and more attractive career trajectory and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain qualified workforce necessary to support our future growth. We may fail to manage our relationship with our employees, and any disputes between us and our employees, or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, as our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet the increasing demands of our business. Any of the above issues related to our workforce may materially and adversely affect our results of operations and future growth.

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

During the Track Record Period, we received certain preferential tax treatments. We currently are entitled to enjoy VAT refunds for the sale of our self-developed software products with the actual VAT burden exceeding 3%. We recorded VAT refunds and other tax subsidies from local government authorities, which amounted to nil, RMB0.2 million, RMB1.6 million, RMB0.1 million and RMB1.0 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively. Beijing Newlink, an indirect wholly-owned subsidiary of us, was recognized as a "high and new technology enterprise" (高新技術企業) since October 25, 2017 by the Beijing Municipal Commission of Science and Technology (北京市科學技術委員會), and was entitled to a preferential income tax rate of 15.0% for three consecutive years from 2017 to 2019, compared to the standard rate of 25.0%. The "high and new technology enterprise" certificate has to be reapplied in every three years.

Nevertheless, such VAT refunds and preferential tax rates are non-recurring in nature, and the government authorities may decide to reduce or cancel such VAT refunds or tax preferences at any time. The discontinuation, reduction or delay of these governmental grants or preferential tax treatment could adversely affect our results of operations and financial condition. In addition, we might not be able to successfully or timely obtain the government grants or preferential tax treatments that may be available to us in the future, and such failure could adversely affect our results of operations and financial condition.

We are exposed to risks associated with the fair value change for financial assets at fair value through profit or loss and valuation uncertainty regarding the use of unobservable inputs.

In February 2020, we purchased certain low-risk wealth management products measured at fair value through profit or loss of RMB28.6 million from Bank of Ningbo, Co., Ltd., a reputable licensed commercial bank in China. The wealth management products were redeemed in full by April 7, 2020, with earnings of RMB0.1 million. The wealth management products we held were not principal-guaranteed and were therefore classified as financial assets measured at fair value through profit or loss. We have implemented treasury and investment policy during the Track Record Period. See "Financial Information — Our Treasury and Investment Policy." During the Track Record Period, all of our financial assets at fair value through profit or loss was measured using significant observable inputs. See Note 2.4 and Note 31 to the Accountants' Report in Appendix I to this prospectus.

However, we cannot assure you that we will not have our financial assets at fair value through profit or loss measured using unobservable inputs in the future. We are subject to the risks that any of our counterparties, such as the banks that issued wealth management products, may not perform their contractual obligations, such as in the event that any such counterparty declares bankruptcy or becomes insolvent. Any material non-performance of our counterparties with respect to the wealth management products we invested in could materially and adversely affect our financial position and cash flow. Furthermore, the wealth management products are subject to the overall market conditions, including the capital markets. Any volatility in the market or fluctuations in interest rates may reduce our financial position or cash flow, which, in turn, could materially and adversely impact our financial condition. In addition, general economic and market conditions affect the fair value of these wealth management products. Any material declines in the fair value of these investments and the uncertainty due to the use of unobservable inputs for valuation may have a material adverse effect on our financial condition.

We incurred negative cash flows from operating activities during the Track Record Period.

In 2018 and 2019 and the six months ended June 30, 2019 and 2020, we incurred net cash flows used in operating activities of RMB16.4 million, RMB1.9 million, RMB19.5 million and RMB28.1 million, respectively, primarily due to increased contract assets and trade receivables. See "Financial Information – Liquidity and Capital Resources" for details. We cannot assure you that we will not experience negative cash flows from operating activities in the future. The cost of continuing operations could further reduce our cash position, and an increase in our cash outflow from operating activities could adversely affect our operations by reducing the amount of cash available to meet the cash needs for operating our business and to fund our investments in our business expansion. We have historically funded our cash requirements principally with the proceeds from pre-IPO investors and loans from the Controlling Shareholders. Our ability to obtain additional capital 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 by companies in our industry and macro-economic and other conditions in China and globally. If we cannot obtain sufficient capital to meet our capital needs, we may not be able to execute our growth strategies, and our business, financial condition and prospects may be materially and adversely affected.

We may not be able to receive the full amount of contract assets.

Contracts assets represented our right to the consideration in exchange for goods and services transferred to our customers. Contract assets are initially recognized for revenue earned from our software development services as the receipt of consideration is conditional on the successful acceptance by our customers. We had contract assets of RMB6.8 million, RMB8.7 million, RMB23.4 million and RMB29.9 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. As of the Latest Practicable Date, 29.4% of our contract assets as of June 30, 2020 was reclassified as trade receivables, among which 17.1% of our contract assets as of June 30, 2020 was settled. See "Financial Information — Discussion of Certain Items from the Consolidated Statements of Financial Position — Contract Assets." We cannot assure you that we will be able to receive the full amount of contract assets for our works as our solutions may not be fully accepted by our customers. If we are not able to do so, our business, results of operation and financial condition, especially our liquidity and financial position, may be materially and adversely affected.

Any significant impairment charges to our balance of intangible assets could negatively affect our results of operations and financial position.

We had intangible assets of RMB0.4 million, RMB3.2 million, RMB11.1 million and RMB13.3 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively, which primarily consisted of software we purchased from third parties and development cost. The failure to generate financial results commensurate with our intangible assets estimates may negatively affect the recoverability of such intangible assets, and in turn result in impairment losses. Any significant impairment losses charged against our intangible assets could have a material adverse impact on our business, financial condition and results of operations.

We face certain risks relating to the properties that we lease.

All of our office facilities are presently located on leased premises. At the end of each lease term, we may not be able to negotiate an extension of the lease and may therefore be forced to relocate to a different location, or the landlords may significantly increase the rent if we continue to utilize the leased premises. These risks and limitations could disrupt our operations and adversely affect our profitability. In addition, we may not be able to obtain new leases at desirable locations on acceptable terms to accommodate our future growth, which could materially and adversely affect our business.

Any dispute or claim in relation to the titles of the properties that we occupy, including any litigation involving allegations of illegal or unauthorized use of these properties, could require us to relocate our business operations occupying these properties. 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. 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, licenses or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use.

Our risk management and internal control systems may not be adequate or effective in all respects, which may materially and adversely affect our business and results of operations.

We seek to establish risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations, and seek to continue to improve these systems. See "Business — Internal Control and Risk Management." However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner, or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

Our risk management and internal controls also depend on the effective implementation by our employees. However, we cannot assure you that such implementation will not be subject to any human errors or mistakes, which may materially and adversely affect our business and results of operations. As we are likely to offer a broader and more diverse range of solutions, products and services in the future, the diversification of our offerings will require us to continue to enhance our risk management and internal control capabilities. If we fail to timely adapt our risk management and internal control policies and procedures to our changing business, our business, results of operations and financial condition could be materially and adversely affected.

Negative publicity about us, our solutions, operations and our management may adversely affect our reputation and business.

We may from time to time receive negative publicity about our Group, our business, our management or our solutions. Certain of such negative publicity may be the result of malicious harassment or unfair competition acts by third parties. We may even be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur additional costs to defend ourselves against such third-party conduct, and we may not be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Harm to our reputation and customer confidence can also arise for many other reasons, including misconduct of our employees or any third parties with whom we conduct business. Our reputation may be materially and adversely affected as a result of any negative publicity, which in turn may cause us to lose market share, customers, and business partnerships.

Future strategic alliances or investments may have a material and adverse effect on our business, reputation and results of operations.

We may enter into strategic alliances or investments, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. These alliances and investments could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the third party and increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

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

We may not be able to obtain additional capital at acceptable terms or at all.

We may require additional cash resources due to evolved business conditions or other future developments. If our current cash resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity, equity-linked or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could result in additional dilution to our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and may result in operating and financing covenants that would restrict our operations and liquidity.

In addition, our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including:

- investors' perception of, and demand for, securities of companies like us;

- conditions of the capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows;
- the development of PRC laws and regulations on the IT solution industry in China;
- economic, political and other conditions in China; and
- PRC governmental policies relating to foreign currency borrowings.

We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. Any failure to raise additional funds on commercially reasonable terms could have a material adverse effect on our liquidity and financial condition.

Our limited insurance coverage could expose us to significant costs and business disruption.

We do not maintain property insurance, key employee insurance, business interruption insurance or product liability insurance. We do not maintain insurance policies covering damages to our technological infrastructure or litigation insurance. See "Business — Insurance" for more details. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations.

The insurance industry in China is still at an early stage of development, and insurance companies in China currently offer limited business-related insurance products. As such, we may not be able to ensure certain risks related to our assets or business even if we desire to. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy 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, results of operations and financial condition could be materially and adversely affected.

We face risks related to health epidemics and natural disasters.

Our business could be adversely affected by the effects of epidemics. In recent years, there have been breakouts of epidemics in China and globally. Our business operations could be disrupted if any of our employees is suspected of having the COVID-19, H1N1 flu, avian flu or another epidemic, since it could require our employees to be quarantined and/or the facilities used for our operations to be disinfected. In addition, our results of operations could be adversely affected to the extent that the outbreak harms the Chinese economy in general and the IT solution industry in particular. For example, the recent outbreak of COVID-19 has endangered the health of many people residing in China and significantly disrupted travel and local economy. These events could also significantly impact our industry and cause a temporary closure of the facilities we use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. To reduce the risk of infection and continuously develop our business, we have adopted business contingency plans and protective measures using our existing technological infrastructure and workforce, which did not incur additional costs. However, our operations, including on-site project execution at our customers' premises, could be disrupted if any of our employees or employees of our customers or other business partners were suspected of contracting an epidemic disease, since this could require us, our customers or other business partners to quarantine some or all of these employees or disinfect the facilities used for our operations. We may experience delay in revenue recognition for certain of our projects, the progress of which have been affected due to the epidemic outbreak. Assuming the COVID-19 outbreak continues in China, and there has to be a complete suspension of operation, we expect that our cash reserves should be sufficient to satisfy our operational expenses for a period of around 11 months. See "Summary — Recent Developments" for the details of the projects which have been affected by the epidemic outbreak and a sensitivity analysis in view of COVID-19 on our business operation. In addition, for the 240 hospitals that we entered into cooperative arrangements with regarding the implementation of our medical quality control and safety warning system, we expect the launch of some projects that were originally scheduled to implement in the fourth quarter of 2020 may be postponed, subject to decision making by such hospitals, which focused on dealing with COVID-19 in the first quarter of 2020. We may also experience difficulties in acquiring new projects as some of our potential customers may delay or cancel the tendering process. See "Summary — Recent Developments."

We are also vulnerable to natural disasters and other calamities. We cannot assure you that our technological infrastructure will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to server interruptions, breakdowns, system failures, technology platform failures or Internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services with our solutions.

RISKS RELATING TO DOING BUSINESS IN CHINA

Our business, results of operations and financial condition could be affected by the economic, political and social conditions of China.

We are now targeting China's finance IT solution industry and the healthcare IT solution industry by devoting a large amount of resources as part of our business strategy. Accordingly, our business, results of operations and financial condition are, to a significant degree, subject to the economic, political and social conditions in China. The Chinese economy differs from the economies in developed countries in many respects, including the degree of government involvement, control of capital investment, as well as the overall level of development. Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. We cannot predict future changes in China's economic, political and social condition and the effect that new government policies will have on our business and future prospects. Any actions and policies adopted by the PRC government or any prolonged slowdown in China's economy, in particular the finance IT solution industry and the healthcare IT solution industry, could have a negative impact on the spending willingness of our existing and potential customers to purchase our IT solutions, which could materially and adversely affect our business, results of operations and financial condition.

We may be deemed to be a PRC tax resident under the EIT Law, and as a result, our global income could be subject to PRC withholding tax and enterprise income tax.

We are a holding company incorporated under the laws of the Cayman Islands and indirectly hold interests in a Hong Kong-incorporated subsidiary, which in turn directly or indirectly hold interests in our PRC subsidiaries. Pursuant to the EIT Law and its implementation rules, dividends payable by a foreign-invested enterprise to its foreign corporate investors who are not deemed a PRC resident enterprise are subject to a 10.0% withholding tax, unless such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding tax arrangement. Under an arrangement between China and Hong Kong, effective in January 2007, such dividend withholding tax rate is reduced to 5.0% for dividends paid by a PRC company to a Hong Kong-resident enterprise if such Hong Kong entity is a "beneficial owner" and such entity directly owns at least 25.0% of the equity interest of the PRC company. According to the fourth protocol of the aforementioned treaty, effective from December 2015, the reduction will not apply if the main purpose of the production or distribution of the proceeds involved is to obtain the aforementioned (reduction) interest. The Announcement on Issues Concerning "Beneficial Owners" in Tax Treaties (國家稅務總局關於稅收協定中"受益所有人"有關問題的公告), which became effective in April 2018, stipulates certain conditions under which a company may not be defined as a "beneficial owner" under the relevant tax treaty, and further requires non-resident taxpayers who wish to enjoy the treatment of "beneficial owners" under such tax treaties to submit certain report forms and materials when filing tax returns. If our Hong Kong subsidiary fails to submit required documents for enjoying such treatment, and if our corporate and shareholding structure is viewed as deliberately arranged for acquiring the reduction interest, we may not be able to enjoy a preferential withholding tax rate of 5% and, as a result, dividend payable by our PRC subsidiaries to our Hong Kong subsidiary will be subject to withholding tax at the rate of 10.0%.

The EIT Law and EIT implementation rules also provide that if an enterprise incorporated outside China has its "de facto management bodies" within China, such enterprise may be deemed a "PRC resident enterprise" for tax purposes and be subject to an enterprise income tax rate of 25.0% on its global incomes. "De facto management body" is defined as the body that has the significant and overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, SAT promulgated a circular, known as Circular 82, and partially amended by Circular 9 promulgated in January 2014, to clarify the certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by PRC enterprises or PRC enterprise groups. Under Circular 82, a foreign enterprise is considered a PRC resident enterprise if all of the following apply: (1) the senior management and core management departments in charge of daily operations are located mainly within China; (2) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in China; (3) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in China; and (4) 50.0% or more of voting board members or senior executives of the enterprise habitually reside in China. Further to Circular 82, the SAT issued a bulletin, known as Bulletin 45, effective in September 2011 and amended on June 1, 2015 and October 1, 2016 to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore incorporated resident enterprises." Bulletin 45 provides for, among other matters, procedures for the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises that are registered outside China and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general.

However, there have been no official implementation rules regarding the determination of the "de facto management bodies" for foreign enterprises not controlled by PRC enterprises (including companies like ourselves). Therefore, it remains unclear how the tax authorities will treat a case such as ours. However, if the PRC authorities were to subsequently determine, or any future regulation provides, that we should be treated as a PRC resident enterprise, we will be subject to the uniform 25.0% enterprise income tax on our global incomes. In addition, although the EIT Law provides that dividend payments between qualified PRC-resident enterprises are exempt from enterprise income tax, due to the relatively short history of the EIT Law, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC subsidiaries to us will meet such qualification requirements even if we are considered a PRC resident enterprise for tax purposes.

There remains significant uncertainty to the interpretation and application of applicable PRC tax laws and rules by the PRC tax authorities, and the PRC tax laws, rules and regulations may also change. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your investment in our Shares may be materially affected.

We may be adversely affected by the uncertainties and changes in the regulation of the IT solution market in China.

The PRC government regulates the IT solution market. The laws and regulations with respect to this industry are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances, some actions or omissions of us may be deemed to be violations of applicable laws and regulations. As confirmed by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, our Group was not required to obtain any industry-specific permit or license for carrying out our ordinary course of business in China, except for those we have obtained. However, new laws and regulations may be promulgated in China to regulate activities in the IT solution industry. If these new laws and regulations are promulgated, certain licenses and/or cost of compliance may be required for our operations. If our operations are no longer in compliance with these new laws and regulations after they become effective, or if we fail to obtain any licenses required under these new laws and regulations, or if our solutions are not in compliance with related laws or regulations, we could be subject to various penalties, including fines and discontinuation of or restrictions on our operations in China. Any such disruptions in our business operations in China may have a material and adverse effect on our results of operations in China.

Uncertainties and changes in the PRC legal system could materially and adversely affect our business.

We are based in China and we generate our revenue from offering IT solutions. Our businesses in China are governed by PRC laws and regulations. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general, and forms of foreign investment (including wholly foreign-owned enterprises and joint ventures) in particular. These laws, regulations and legal requirements, including those governing PRC tax matters, are relatively new and amended frequently, and their interpretation and enforcement often raise uncertainties that could limit the reliability of the legal protections available to us. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violations of these policies and rules until the violations have occurred. Furthermore, the PRC administrative and court authorities have significant discretions in interpreting and implementing or enforcing statutory rules and contractual terms, and it may be more difficult to predict the outcome of administrative and court proceedings and the level of legal protection we may enjoy in China versus other more developed legal systems. These uncertainties may affect our judgment on the relevance of legal requirements and our decisions on the measures and actions to be taken to fully comply therewith, and may affect our ability to enforce our contractual or tort rights. Such uncertainties may result in substantial operating expenses and costs, and any litigation in China may result in diversion of resources and management's attention, and therefore materially and adversely affect our business and results of operations. We cannot predict future developments in the PRC legal system. We may be required to procure additional permits, authorizations and approvals for our operations, which we may not be able to obtain. Our inability to obtain such permits or authorizations may materially and adversely affect our business, results of operations and financial condition.

The performance and reliability of the Internet infrastructure and wireless and landline telecommunications networks in China will affect our operations and growth, including our ability to accommodate prospective customers in the future.

With our principal executive offices located in China, we provide data transmission and communications and monitor our overall operations relying on the Internet infrastructure and wireless and landline telecommunications networks in China. The national networks in China are connected to the Internet through international gateways controlled by the PRC government, which are the only channels through which a domestic user can connect to the Internet in China. These international gateways may not support the demand necessary for the continued growth in Internet traffic by users in China. We cannot assure you that the development of China's information infrastructure will be adequate to support our operations and growth. In addition, in the event of any infrastructure disruptions or failures, we would have no access to alternative networks and services on a timely basis, if at all, which could have a material adverse effect on our business, results of operations and prospects.

Fluctuations in the value of the Renminbi and other currencies may have a material adverse impact on our business and financial condition.

During the Track Record Period, all of our revenues and expenditures were denominated in Renminbi, while the net proceeds from the Global Offering will be in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar or U.S. dollar may affect the relative purchasing power in Renminbi terms of the proceeds from the Global Offering. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar may affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. The Renminbi has been unpegged from the U.S. dollar since July 2005 and, although the People's Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rate, the Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. Moreover, it is possible that the PRC authorities may lift restrictions on fluctuations in Renminbi exchange rates and lessen intervention in the foreign exchange market in the future.

Limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

Government control of currency conversion may adversely affect the value of your investments.

All of the revenue of our Company is denominated in Renminbi, which is also the reporting currency of our Company. The conversion of Renminbi into foreign currencies is governed by the PRC laws and regulations. A portion of our cash may be required to be converted into other currencies in order to meet our foreign currency needs, including cash payments on dividends declared on our Shares. Under existing foreign exchange regulations of the PRC, following the completion of this Global Offering, we will be able to pay dividends in foreign currencies through current account transactions without prior approval from SAFE by complying with various procedural requirements.

However, if the PRC government were to impose restrictions on our access to foreign currencies for current account transactions at its discretion, we might not be able to pay dividends to the holders of our Shares in foreign currencies. These limitations could affect our ability to obtain foreign currencies through equity financing or capital expenditures.

Furthermore, the net proceeds from the Global Offering are expected to be deposited overseas in currencies other than Renminbi until we obtain necessary approvals from relevant PRC regulatory authorities to convert these proceeds into onshore Renminbi. If the net proceeds cannot be converted into onshore Renminbi in a timely manner, our ability to deploy these proceeds efficiently may be affected, as we will not be able to invest these proceeds in RMB-denominated assets onshore or deploy them in uses onshore where Renminbi are required, which may adversely affect our business, results of operations and financial condition.

We may rely on dividends and other distributions from our PRC subsidiaries to fund our cash and financing requirements, and any limitation on the ability of our subsidiaries to make payments to us could materially and adversely affect our ability to conduct our business.

As an offshore holding company, we may rely in part on dividends from our PRC subsidiaries for our cash requirements, dividends payments and other distributions to our Shareholders, and to service any debt that we may incur and pay our operating expenses. The payment of dividends by entities organized in China is subject to limitations. In particular, PRC regulations permit our subsidiaries to pay dividends only out of their accumulated profits, if any, as determined in accordance with Chinese accounting standards and regulations. In addition, our PRC subsidiaries are required each year to set aside at least 10.0% of its annual after-tax profits (as determined under PRC accounting standards) into its statutory reserve fund until the aggregate amount of that reserve reaches 50.0% of such entity's registered capital. These reserves are not distributable as cash dividends.

If our PRC subsidiaries incur debt on their own behalf, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Any limitation on the ability of our subsidiaries to distribute dividends or other payments to us could materially and adversely limit our ability to grow, make investments or acquisitions, pay dividends and otherwise fund and conduct our business.

PRC regulations over loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign invested enterprises, capital contributions made by an offshore holding company to its wholly-owned subsidiary, being a foreign-invested enterprise in China, require approvals from or make record filings with MOFCOM or its local counterpart and register with the SAIC or its local counterpart. In addition, any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE or its local branches, and our PRC subsidiaries may not procure loans exceeding the difference between its registered capital and its total investment amount as approved by or registered with MOFCOM or its local branches. We may not obtain these government approvals or complete such registrations on a timely basis, or 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 proceeds of the Global Offering to fund our operations in China may be negatively affected, which in turn could adversely affect our ability to finance and expand our business.

Failure to comply with PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident Shareholders to personal liability, may limit our ability to acquire PRC companies or to inject capital into our PRC subsidiaries, may limit the ability of our PRC subsidiaries to distribute profits to us or may otherwise materially and adversely affect us.

Pursuant to 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 Vehicle (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 "**Circular 37**"), which was promulgated by SAFE, and became effective on July 4, 2014, (1) 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 (2) 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 in the Overseas SPV's PRC resident shareholder, name of the Overseas SPV, term of operation, or any increase or reduction of the contributions by the PRC resident, share transfer or swap, and merger or division. Pursuant to the Circular of SAFE on Further Simplifying and Improving the Direct Investment related Foreign Exchange Administration Policies (關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**Circular 13**"), which was promulgated on February 13, 2015 and became effective on June 1, 2015, the aforesaid registration shall be directly reviewed and handled by qualified banks in accordance with the Circular 13, and SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

As advised by our PRC Legal Advisors, all PRC residents who are the shareholders of the Overseas SPVs in our Group have completed their registration under SAFE Circular 37 as of the date of this prospectus, which is in compliance with SAFE Circular 37. As Circular 37 and Circular 13 are general regulations without specific requirements and interpretations of the aforementioned registrations, it remains unclear how they will be interpreted and implemented, and how or whether SAFE will apply them to us. Therefore, we cannot predict how they will affect our business operations or future strategies. For example, the ability of our present and prospective PRC subsidiaries to conduct foreign exchange activities, such as the remittance of dividends and foreign currency-denominated borrowings, may be subject to compliance with Circular 37 and Circular 13 by our PRC resident beneficial holders. In addition, as we have little control over either our present or prospective, direct or indirect Shareholders or the outcome of such registration procedures, we cannot assure you that these Shareholders who are PRC residents will amend, complete or update their registration as required under Circular 37 and Circular 13 in a timely manner or at all. Failure of our present or future Shareholders who are PRC residents to comply with Circular 37 and Circular 13 could subject these Shareholders to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit the ability of our PRC subsidiaries to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

We may be unable to complete a business combination transaction efficiently or on favorable terms due to complicated merger and acquisition regulations and certain other PRC regulations.

On August 8, 2006, six PRC regulatory authorities, including MOFCOM, the State Assets Supervision and Administration Commission, SAT, SAIC, CSRC and SAFE, jointly issued 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 became effective on September 8, 2006 and was amended in June 2009. The M&A Rules, governing the approval process by which foreign investors merger with PRC business entities and/or acquire PRC assets and/or equity interests in PRC business entities, require the PRC parties to make a series of applications and supplemental applications to the government agencies, depending on the structure of the transaction. In some instances, the application process may require presentation of economic data concerning a transaction, including appraisals of the target business and evaluations of the acquirer, which are designed to allow the government to assess the transaction. Accordingly, due to the M&A Rules, our ability to engage in cross-border business combination transactions has become significantly more complicated, time-consuming and expensive, and we may not be able to negotiate a transaction that is acceptable to our Shareholders or sufficiently protect their interests in a transaction.

The M&A Rules allow PRC government agencies to assess the economic terms of a business combination transaction. Parties to a business combination transaction may have to submit to MOFCOM and other relevant government agencies an appraisal report, an evaluation report and the acquisition agreement, all of which form part of the application for approval, depending on the structure of the transaction. The M&A Rules also prohibit a transaction at an acquisition price obviously lower than the appraised value of the PRC business or assets in order to prevent disguised transfer of capital from China to foreign countries, and in certain structures, among others, in the structures where foreign investors merger with Chinese enterprises and establish foreign-invested enterprises, require that considerations must be paid within defined periods, generally not in excess of a year after the business license of the foreign-invested enterprise has been issued. In addition, the M&A Rules also limit our ability to negotiate various terms of the acquisition, including aspects of the initial consideration, contingent consideration, holdback provisions, indemnification provisions and provisions relating to the assumption and allocation of assets and liabilities. Transaction structures involving trusts, nominees and similar entities are prohibited.

Moreover, the Anti-Monopoly Law of the People's Republic of China (中華人民共和國反壟斷法), effective from August 1, 2008, and relevant implementation rules require that the MOFCOM be notified in advance of any of concentrations of undertaking if certain turnover thresholds are triggered. Besides, Notice of the General Office of the State Council on the Establishment of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知), issued on February 3, 2011 and became effective on March 3, 2011, establishes a security review system for merger and acquisition of domestic companies by foreign investors. These security review rules specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement.

Therefore, such regulation may impede our ability to negotiate and complete a business combination transaction on legal and/or financial terms that satisfy our investors and protect our Shareholders' economic interests.

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

By virtue of the Announcement on Several Issues concerning the Enterprise Income Tax on the Indirect Transfers of Properties by Non-resident Enterprises (關於非居民企業間接轉讓財產企業所得税若干問題的公告) (the "**SAT Notice 7**"), which was issued by SAT and became effective on February 3, 2015 if a non-resident enterprise indirectly transfer its property like shares in a resident enterprise without a reasonable commercial purpose in order to avoid its income tax obligations, this indirect transfer shall be redefined and be regarded as direct transfer of the aforementioned property. "Indirect transfer of Chinese taxable assets" means the transaction which produces a result identical or substantially similar to the direct transfer of Chinese taxable assets by a non-resident enterprise through transfer of equities and other similar rights and interests of an overseas enterprise that directly or indirectly holds Chinese taxable assets (excluding Chinese resident enterprises registered outside China), including the circumstances under which the overseas enterprise's shareholders change due to the restructuring of the non-resident enterprise (thereafter refers as "**indirect transaction**"). Accordingly, the transferee of indirect transaction shall be deemed as a withholding agent with the obligation to withhold and remit the enterprise income tax to the competent PRC tax authorities. When determining whether there is a "reasonable commercial purpose," factors that may be taken into consideration include, among other factors, the economic essence of the transferred shares, the economic essence of the assets held by the overseas holding company, the taxability of the transaction in offshore jurisdictions, and economic essence and duration of the offshore structure, the relevant tax treaties or arrangements and so on. SAT Notice 7 also sets out safe harbors for the "reasonable commercial purpose" test. Furthermore, Notice of SAT on Issuing the Working Rules on the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises (for Trial Implementation) (非居民企業間接轉讓財產企業所得税工作規程(試行)) (the "**Circular 68**"), which became effective on May 13, 2015, built up a special tax adjustment case management system on indirect transaction. In accordance with Circular 68, both parties to the indirect transaction shall report the transfer to the competent tax authority and submit relevant materials. In the case where an indirect transfer is considered as an indirect transfer with unreasonable commercial purposes, the transfer in question shall be reviewed and examined by the provincial tax authorities level by level.

In addition, since we may pursue acquisitions and may conduct acquisitions involving complex corporate structures, the PRC tax authorities may, at their discretion, adjust the capital gains or request that we submit additional documentation for their review in connection with any potential acquisitions, which may cause us to incur additional acquisition costs or delay our acquisition timetable.

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

After our Company becomes an overseas listed company upon the completion of the Global Offering, we, along with our Directors, executive officers and other employees who may be granted options, may be subject to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (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), issued by SAFE in February 2012. According to the foregoing Notice, employees, directors, supervisors and other management members who are PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year participating in any stock incentive plan of an overseas publicly listed company, subject to limited exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. Failure to complete SAFE registrations may subject them to fines and other legal sanctions and may also limit their ability to make payment under the equity incentive plans or receive dividends or sales proceeds related thereto, or our ability to contribute additional capital into our PRC subsidiaries and our PRC subsidiaries' ability to distribute dividends to us. This notice issued by SAFE only covers two categories of equity incentive plans, i.e. employee stock ownership plans and stock option plans. As a result, we also face regulatory uncertainties that could restrict our ability to adopt additional equity incentive plans for our Directors and employees under PRC laws and regulations.

In addition, SAT and MOFCOM have issued certain circulars with respect to employee share option. Under these circulars, our employees working in China will be subject to PRC individual income tax if they exercise share options. Our PRC subsidiaries have the obligation to file documents relating to the employee share options with the relevant tax authorities and to withhold individual income tax for those employees. If our employees fail to pay or we fail to withhold income tax according to the relevant laws and regulations, we may face sanctions imposed by the relevant tax authorities.

You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our Shares.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10.0% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10.0% PRC income tax if such gain is regarded as income derived from sources within China unless a treaty or similar arrangement otherwise provides. Under the PRC Individual Income Tax Law (中華人民共和國個人所得稅法) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20.0% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20.0% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. According to the Notice of the State Council on Several Measures for Promoting Growth of Foreign Investment (國務院關於促進外資增長若干措施的通知), where the profit is distributed by a resident enterprise in China to an overseas investor who directly invests it in an investment project, which is in the encouragement category and is in conformity with specified conditions, the project shall be entitled to the deferred tax payment policy and be provisionally exempt from withholding tax.

If the dividends we pay to our Shareholders are regarded as income derived from sources within China and our Shareholders fail to satisfy the conditions for provisional exemption from withholding tax, we may be required to withhold a 10.0% PRC withholding tax for the dividends we pay to our investors who are non-PRC corporate Shareholders, or a 20.0% withholding tax for the dividends we pay to our investors who are non-PRC individual Shareholders, including the holders of our Shares. In addition, our non-PRC Shareholders may be subject to PRC tax on gains realized on the sale or other disposition of our Shares, if such income is treated as sourced from within China. It is unclear whether our non-PRC Shareholders would be able to claim the benefits of any tax treaties between their tax residence and China in the event that we are considered as a PRC resident enterprise. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are incorporated in the Cayman Islands. Almost all of our assets and some of the assets of our Directors are located in China. Therefore, it may not be possible for investors to effect service of process upon us or those persons inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, the PRC Supreme Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the

Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排). Under such arrangement, where any designated people's court of the PRC or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant people's court of the PRC or Hong Kong court for recognition and enforcement of the judgment. The arrangement came into effect on August 1, 2008, but the outcome and enforceability of any action brought under the arrangement is still uncertain. In addition, China currently is not a party to any treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, most other Western countries or Japan, and therefore enforcement in China of judgments of a court in any of these jurisdictions may be difficult or impossible.

On January 18, 2019, the Supreme People's Court of the PRC and the government of the Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**2019 Arrangement**"). The 2019 Arrangement sets forth the scope, applicable rulings, procedures and manners to apply for recognition and enforcement, examination on jurisdiction of the original court, conditions to refuse recognize and enforce, and remedies of Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters. Following the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant procedures in Hong Kong, both sides shall announce a date on which the 2019 Arrangement shall become effective. Although the 2019 Arrangement has been signed, it remains unclear when it will come into effect and the outcome and effectiveness of any action brought under the 2019 Arrangement may still be uncertain.

Inflation in China could negatively affect our profitability and growth.

Economic growth in China has, in the past, been accompanied by periods of high inflation, and the PRC government has implemented various policies from time to time to control inflation, including imposing various corrective measures designed to restrict the availability of credit or regulate growth. High inflation in the future may cause the PRC government to once again impose controls on credit and/or price of commodities, or to take other actions, which could inhibit economic activities in China. Any action on the part of the PRC government that seeks to control credit and/or price of commodities may adversely affect our business operations, causing negative impact on our profitability and growth.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares, and the liquidity and market price of our Shares following the Global Offering may be volatile, which could result in rapid and substantial losses for our Shareholders.

Prior to the Global Offering, there has been no public market for our Shares. The initial price range disclosed to the public for our Shares was the result of negotiations among us and the Sole Global Coordinator, and the Offer Price may differ significantly from the market price for the Shares following the Global Offering. We have applied to list and deal in the Shares on the Stock Exchange. We cannot assure you that the Global Offering will result in the development of an active, liquid public trading market for the Shares. In addition, the price and trading volumes of the Shares may be volatile. The following factors may affect the trading volume and market price of our Shares:

- actual or anticipated fluctuations in our operating performance and financial results;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;

- our failure to execute our strategies;
- an unexpected business interruptions resulting from operational breakdowns, natural disasters, or major changes in our key personnel or senior management;
- adverse market reaction to any indebtedness that we may incur or securities that we may issue in the future;
- changes in market valuations of similar companies;
- changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting our ability to obtain or maintain regulatory approval for our products and services;
- inadequate protection of our intellectual property rights or legal proceedings brought against us for infringement of third parties' intellectual property rights;
- unexpected costs of litigations and unfavorable outcomes of claims arising out of our product and services and governmental investigations and actions; and
- general political, financial, social and economic conditions.

Moreover, the capital market has from time to time experienced significant price and trading volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the market. These broad market and industry fluctuations may have a material and adverse effect on the market price and trading volume of our Shares.

Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins.

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be six business days after the Price Determination Date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse development that could occur between the time of sale and the time trading begins.

Investors will experience immediate dilution to their attributable net tangible book value as the Offer Price of our Shares is higher than our net tangible book value per Share.

The Offer Price of the Shares is higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, purchasers of the Shares in the Global Offering will experience an immediate dilution in pro forma net tangible book value, and our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible assets per Share of their Shares. In addition, holders of our Shares may experience further dilution of their interests if the exercise the Over-allotment Option or if we obtain additional capital in the future through equity offerings.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return. For details of our intended use of proceeds, see "Future Plans and Use of Proceeds." However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from this Global Offering.

Any future sales, or perceived sales, of a substantial amount of our Shares in the public market could have a material adverse effect on the prevailing market price of our Shares and our ability to raise capital in the future.

Future sales of a substantial amount of our Shares by our existing Shareholders, or the possibility of such sales, could negatively impact the market price of our Shares from time to time. Although our Controlling Shareholders are subject to restrictions on the sales of Shares held by them as described in the section headed "Underwriting — Underwriting Arrangements and Expenses" in this prospectus, future sales of a significant number of our Shares by our Controlling Shareholders in the public market after the Global Offering, or the perception that these sales could occur, could cause the market price of our Shares to decline and could materially impair our future ability to raise capital through offerings of our Shares. In addition, Mr. Yuan, who beneficially owns 36.4% of the total issued share capital of our Company through Earnest Kai as of the Latest Practicable Date and being one of the controlling shareholders of our Company prior to the Listing, has undertaken in favor of our Company and the Sole Sponsor, among others, to gradually dispose of all Shares beneficially owned by him in our Company within 36 months after the Listing, which may have a material adverse effect on the market price of our Shares. See "Our History and Corporate Development — Information of the pre-IPO investors — Mr. Yuan and Earnest Kai — Influence of Mr. Yuan on our Group — Confirmations and Undertakings" for details. Future sales of Shares by our existing Shareholders, or the issuance of Shares by our Company, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of our Shares.

We may not be able to pay any dividends on our Shares.

We cannot guarantee when and in what form dividends will be paid on our Shares following the Global Offering. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements and general business 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. For details, see "Financial Information — Dividend Policy."

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

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

This prospectus contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters.

The words "anticipate," "believe," "could," "potential," "continue," "expect," "intend," "may," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this prospectus. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

Certain facts, forecasts and statistics in this prospectus relating to various countries and regions and the economic conditions thereof and the IT solution market derived from official government publications, market data providers and other Independent Third Parties' sources may not be reliable.

Certain facts, forecasts and other statistics in this prospectus relating to various countries and regions and the IT solution market are derived from various official government publications, market data providers and other Independent Third Parties' sources, including the CIC Report, which we generally believe to be reliable. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor, the Underwriters or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside China.

We have, however, taken reasonable care in the reproduction or extraction of the official government publications and reports of other market data providers and other Independent Third Parties' sources for the purpose of disclosure in this prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts.

Our Company was incorporated under the laws of the Cayman Islands and these could provide different protections to minority Shareholders than the laws of Hong Kong.

Our corporate affairs are governed by our Memorandum and Articles, and by the Cayman Companies Act and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders could differ from those established under statutes or judicial precedent in Hong Kong or other jurisdictions with which minority Shareholders are more familiar. Such differences could mean that minority Shareholders could have different protections than they would have under the laws of Hong Kong or other jurisdictions with which minority Shareholders are more familiar.

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

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

In preparation for the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. The business operations of our Group are located in China. Due to the business requirements of our Group, none of the executive Directors has been, is or will be based in Hong Kong. Our Company considers that it would be impracticable and commercially infeasible to appoint two Hong Kong residents as executive Directors or to relocate the existing executive Directors to Hong Kong considering that the operations of our Group are based outside of Hong Kong. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will adopt, among others, the following measures:

(1) Our Company has appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal communication channel with the Stock Exchange and ensure that we comply with the Listing Rules at all times. These two authorized representatives appointed are Mr. ZHAI Shuchun, the chairman of the Board, an executive Director and chief executive officer of our Company and Ms. HO Wing Nga, a joint company secretary of our Company. Ms. HO Wing Nga is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and e-mail. Each of the two authorized representatives has been duly authorized to communicate on our Company's behalf with the Stock Exchange. The Company will inform the Stock Exchange promptly in respect of any change in its authorized representatives;

(2) Both authorized representatives have means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our Company will implement a policy whereby (i) the executive Directors will provide valid phone numbers or other means of communication to the authorized representatives when they are traveling or out of office; and (ii) each Director will provide his or her mobile phone number, office phone number, e-mail address and, where available, fax number to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;

(3) All our executive Directors and independent non-executive Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong upon reasonable notice, when required; and

(4) Our Company has appointed Messis Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules, who will act as our additional communication channel with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable: (1) a member of The Hong Kong Institute of Chartered Secretaries; (2) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and (3) a certified public accountant (as defined in the Professional Accountants Ordinance).

In assessing "relevant experience," the Stock Exchange will consider the individual's: (1) length of employment with the issuer and other listed companies and the roles he/she played, (2) familiarity with the Listing Rules and other relevant law and regulations including SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code, (3) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than fifteen hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules, and (4) professional qualifications in other jurisdictions.

We have appointed Ms. ZHANG Xiushi and Ms. HO Wing Nga as our joint company secretaries. Biographical information of Ms. ZHANG Xiushi and Ms. HO Wing Nga is set out in the section headed "Directors and Senior Management" in this prospectus. Since Ms. ZHANG Xiushi does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, she is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. ZHANG Xiushi as our joint company secretary.

Although Ms. ZHANG Xiushi does not possess the specified qualification required by Rule 3.28 of the Listing Rules, the Directors believe that considering Ms. ZHANG Xiushi's past experience in the capital market related affairs and secretarial matters, she is capable of discharging the functions of a joint company secretary with the assistance of Ms. HO Wing Nga, the other joint company secretary of our Company who fully complies with the requirements under Rule 3.28 and 8.17 of the Listing Rules. In addition, Ms. ZHANG Xiushi is familiar with and has a thorough understanding of the operations of our internal business and finance. Therefore, we believe that the appointment of Ms. ZHANG Xiushi as a joint company secretary is in our Company's and the Shareholders' best interests and beneficial to our corporate governance.

Given the important role of the company secretary in the corporate governance of a listed issuer, particularly in assisting with the listed issuer as well as its directors in complying with the Listing Rules and other relevant laws and regulations, we have made the following arrangements for the waiver:

(1) Ms. ZHANG Xiushi will endeavor to attend relevant training courses, including briefing on the latest changes to the applicable Hong Kong laws and regulations as well as the Listing Rules organized by our legal advisor as to the laws of Hong Kong on an invitation basis, and seminars organized by the Stock Exchange or other professional bodies from time to time, in addition to the 15-hour minimum requirement under Rule 3.29 of the Listing Rules;

(2) We have appointed Ms. HO Wing Nga, a fellow of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute, who fully complies with the requirements under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary. Ms. HO Wing Nga will work closely with and to provide assistance to Ms. Zhang in the discharge of her duties as a company secretary for an initial period of three years commencing from the Listing Date so as to

enable Ms. ZHANG Xiushi to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to discharge the duties and responsibilities as a company secretary; and

(3) Ms. ZHANG Xiushi will also be assisted by the Company's compliance advisor and legal advisor as to the laws of Hong Kong on matters in relation to the Company's continuing compliance obligations under the Listing Rules and the applicable laws and regulations.

Such waiver will be revoked immediately if and when Ms. HO Wing Nga ceases to provide such assistance or if there are material breaches of the Listing Rules by us. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Ms. ZHANG Xiushi, having had the benefit of Ms. HO Wing Nga's assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See the section headed "Directors and Senior Management" in this prospectus for further information regarding the qualifications of Ms. ZHANG Xiushi and Ms. HO Wing Nga.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information in this prospectus is accurate and complete in all material respect and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this prospectus materially misleading.

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering. Details of the terms of the Global Offering are described in "Structure and Conditions of the Global Offering."

The Hong Kong Public Offer Shares are offered solely on the basis of the information set out and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by the Company, the Sole Sponsor, the Sole Global Coordinator, the Lead Bookrunner, the Joint Bookrunners, the Lead Manager, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Details of the structure and conditions of the Global Offering are set out in "Structure and Conditions of the Global Offering," and the procedures for applying for the Hong Kong Public Offer Shares are set out in "How to Apply for Hong Kong Public Offer Shares" and in the relevant Application Forms.

Neither the delivery of this prospectus nor any offering, sale or delivery made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

UNDERWRITING

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement, subject to the terms and conditions of the Hong Kong Underwriting Agreement and that the Offer Price will be fixed by agreement between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or about the Price Determination Date. The Global Offering is managed by the Sole Global Coordinator. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around the Price Determination Date, subject to the Offer Price being agreed. Further details about the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON OFFERS AND SALES OF OFFER SHARES

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

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus and/or the Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus and/or the Application Forms and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold and will not be offered or sold, directly or indirectly, in the PRC or the U.S.

Prospective applicants for the Offer Shares should consult their financial advisers and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, the Shares in issue and to be issued by us pursuant to the Global Offering and additional Shares which may be issued upon the exercise of the Over-allotment Option and upon the exercise of the Post-IPO Share Option.

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

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

ELIGIBILITY FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

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

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements that may affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

We recommend applicants for the Offer Shares to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in, and/or the exercise of any rights in relation to, the Offer Shares. It is emphasized that none of us, the Sole Global Coordinator, the Sole Sponsor, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the Offer Shares resulting from the subscription, purchase, holding or disposal of, dealing in, or exercise of any rights in relation to, the Offer Shares.

REGISTER OF MEMBERS AND STAMP DUTY

The principal register of members of our Company will be maintained by its principal share registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands and the branch register of members of the Company will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. All Shares to be issued pursuant to the Global Offering and any Shares to be issued upon exercise of the Over-allotment Option will be registered on the branch register of members of our Company in Hong Kong. Only Shares registered on the branch register of members of our Company in Hong Kong may be traded on the Stock Exchange.

No stamp duty is payable by applicants in the Global Offering.

Dealings in our Shares registered on the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty. The current rate of stamp duty in Hong Kong is 0.2% of the consideration or, if higher, the market value of our Shares being sold or transferred. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of the Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named Shareholder therein in accordance with the Articles of Association.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in sections headed "Structure and Conditions of the Global Offering — Over-allotment Option" and "Structure and Conditions of the Global Offering — Stabilization."

PROCEDURE FOR APPLICATION FOR HONG KONG PUBLIC OFFER SHARES

The procedure for applying for the Hong Kong Public Offer Shares are set out in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus and on the relevant Application Forms.

COMMENCEMENT OF DEALINGS IN THE OFFER SHARES

Assuming that the Hong Kong Public Offering becomes unconditional in Hong Kong at or before 8:00 a.m. on Wednesday, January 6, 2021, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, January 6, 2021. Shares will be traded in board lots of 800 Shares each.

The stock code of our Shares is 9600.

Our Company will not issue any temporary documents of title.

Dealings in our Shares on the Stock Exchange will be effected by participants of the Stock Exchange whose bind and offer quotations will be made available on the Stock Exchange's teletext page information system. Delivery and payment for the Offer Shares dealt on the Stock Exchange will be effected two trading days following the transaction date. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading date. Only certificates for our Shares registered on the branch register of members of our Company in Hong Kong will be valid for delivery in respect of transactions effected on the Stock Exchange. If you are unsure about the procedures for dealings and settlement arrangement on the Stock Exchange on which our Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisers.

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. Unless otherwise indicated, (1) the translations between Renminbi and Hong Kong dollars were made at the rate of RMB0.85 to HK$1.00, the exchange rate prevailing on November 30, 2020 published by the PBOC for foreign exchange transactions, and (2) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.75 to US$1.00, being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on November 25, 2020.

We make no representations and none should be construed as being made, that any of the RMB, HK dollar or U.S. dollar amounts contained in this prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. The English names of PRC nationals, entities, departments, facilities, certificates, titles, laws and regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the names in their original languages shall prevail.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed thereon are due to rounding. Certain amounts and percentage figures included in this prospectus have also been subject to rounding adjustments, or have been rounded to one or two decimal places.

WEBSITE

The contents of any website mentioned in this prospectus do no form a part of this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. ZHAI Shuchun (翟曙春)	Room 1205, 11/F, Building 2 No. 48 Yard, Liangmaqiao Road Chaoyang District Beijing, PRC	Chinese
Ms. QIAO Huimin (喬慧敏)	Room 2302, Unit 3, Building 1 Furun Jiayuan No.6 Xueyuan Road Haidian District Beijing, PRC	Chinese
Ms. QIN Yi (秦禕)	Room 404, Unit 1, Building 20 Zhujianglawei Xiaozhen Tongzhou District Beijing, PRC	Chinese
Mr. LI Xiaodong (李小東)	Room 301, Building 54 Jinyun Huayuan Wuzhong District, Suzhou Jiangsu Province, PRC	Chinese
Independent Non-executive Directors		
Mr. TANG Baoqi (唐保祺)	Room 19A, 19F, King Tien Mansion Horizon Gardens 18D Taikoo Shing Road Taikoo Shing Hong Kong	Chinese
Ms. JING Liping (景麗萍)	Room 505, Building 11 New Park of the Dependent's Area of Beijing Jiaotong University Haidian District Beijing, PRC	Chinese
Mr. YE Jinfu (葉金福)	Room 501, Unit 5, Building 5 Tangquan Yishu West Fourth Ring Road North Haidian District Beijing, PRC	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	Mont Avenir Capital Limited Rm 3812-3813, 38/F, COSCO Tower 183 Queen's Road Central Sheung Wan Hong Kong
Sole Global Coordinator, Lead Bookrunner and Lead Manager	Mont Avenir Capital Limited Rm 3812-3813, 38/F, COSCO Tower 183 Queen's Road Central Sheung Wan Hong Kong
Joint Bookrunners and Joint Lead Managers	SPDB International Capital Limited 33/F, SPD Bank Tower One Hennessy 1 Hennessy Road Hong Kong Futu Securities International (Hong Kong) Limited Unit C1-2, 13/F United Centre No.95 Queensway Hong Kong AMTD Global Markets Limited 23/F-25/F Nexxus Building 41 Connaught Road Central Hong Kong China Merchants Securities (HK) Co., Limited 48/F., One Exchange Square 8 Connaught Place Central, Hong Kong
Legal Advisors to our Company	*as to Hong Kong and U.S. law:* Wilson Sonsini Goodrich & Rosati Suite 1509, 15/F, Jardine House 1 Connaught Place Central Hong Kong

as to PRC law:

Grandway Law Offices
7/F, Beijing News Plaza
No.26 Jianguomennei Dajie
Dongcheng District
Beijing
PRC

as to Cayman Islands law:

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

as to the U.S. Securities and Exchange Commission and Foreign Corrupt Practices Act issues:

Sher Tremonte LLP
90 Broad Street, 23rd Floor
New York, NY 10004
United States

Legal Advisors to the Sole Sponsor and Underwriters

as to Hong Kong and U.S. law:

DLA Piper Hong Kong
25th Floor, Three Exchange Square
8 Connaught Place
Central
Hong Kong

as to PRC law:

Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing
PRC

Independent Auditor and Reporting Accountants

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Industry Consultant	China Insights Industry Consultancy Limited 10F, Block B Jing'an International Center 88 Puji Road, Jing'an District Shanghai PRC
Receiving bank	DBS Bank (Hong Kong) Limited 11/F The Center 99 Queen's Road Central Hong Kong

Registered office	PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Principal place of business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Headquarters and principal place of business in the PRC	5/F, Tower A, Xueqing Jiachuang Building Xueqing Road Haidian District Beijing, PRC
Company website address	**www.xnewtech.com** *(Information contained in this website does not form a part of this prospectus)*
Joint Company Secretaries	Ms. ZHANG Xiushi (張琇石) 5/F, Tower A, Xueqing Jiachuang Building Xueqing Road Haidian District Beijing, PRC Ms. HO Wing Nga (何詠雅) *(FCIS, FCS)* 46/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Authorized representatives	Mr. ZHAI Shuchun (翟曙春) Room 1205, 11/F, Building 2 No. 48 Yard, Liangmaqiao Road Chaoyang District Beijing, PRC Ms. HO Wing Nga (何詠雅) 46/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

Audit committee	Mr. YE Jinfu (葉金福) *(Chairman)*
	Mr. TANG Baoqi (唐保祺)
	Ms. JING Liping (景麗萍)
Remuneration committee	Ms. JING Liping (景麗萍) *(Chairwoman)*
	Mr. ZHAI Shuchun (翟曙春)
	Mr. TANG Baoqi (唐保祺)
Nomination committee	Mr. TANG Baoqi (唐保祺) *(Chairman)*
	Mr. ZHAI Shuchun (翟曙春)
	Ms. JING Liping (景麗萍)
Compliance advisor	Messis Capital Limited Room 1606, 16/F, Tower 2 Admiralty Centre 18 Harcourt Road Hong Kong
Principal share registrar and transfer office	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman, KY1-1102 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal banks	China CITIC Bank Beijing Branch Block A, Investment Plaza No. 27 Financial Street Xicheng District, Beijing PRC
	Huaxia Bank Beijing Zhichun Branch Lixiang Building No. 111 Zhichun Road Haidian District, Beijing PRC

REGULATIONS RELATING TO THE INDUSTRY

Policies on Software Industry

The Notice of the State Council on Issuing Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries (國務院關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知), which was promulgated by the State Council of the People's Republic of China (the "**State Council**") and came into effect on January 28, 2011, indicates that the software and integrated circuit industries are strategic emerging industries of the PRC and form an important basis of the national economy and social informatization. These policies provide strong support for the development of software industry from the aspects of tax, investment and financing, research and development, import and export, human resources, intellectual property protection, market management and etc.

The Ministry of Industry and Information Technology of the People's Republic of China promulgated the Development Plan of Software and Information Technology Service Industry (2016-2020) (軟件和信息技術服務業發展規劃(2016-2020年)) on December 18, 2016, under which the key tasks and major projects include: (1) to comprehensively improve the capacities of innovation and development; (2) to actively cultivate and expand emerging business forms: complying with the new trend of information technology innovation and development, focusing on the research and development of key software products and solutions in emerging fields such as cloud computing, big data, mobile Internet, and Internet of Things, encouraging the development of platform-based enterprises and platform-based industries, accelerating the cultivation of new business forms and new models, and forming a "platform, data, application, service and security" coordinated development pattern; (3) to further promote application innovation and integrated development: giving full play to the characteristics of deep integration, penetration and coupling of software, accelerating the integration of software and various industries, developing key application software, industry solutions and integrated application platforms, strengthening application innovation and business model innovation, improving service-oriented manufacturing, cultivating and expanding information consumption, and strengthening the supporting services for Made in China 2025, "Internet +" action plan and etc.; (4) to further improve the capacity of information security assurance: supporting the research and development and industrialization of key technology products, developing specialized services such as security assessment and certification, counseling, early warning response, and enhancing the capacity of information security assurance according to the new situation of information security development and the demands on security assurance; (5) to vigorously strengthen the construction of industrial system; and (6) to accelerate the improvement of internationalization.

Policies and Regulations on Financial Information Technology

According to the Guidelines for Commercial Banks on Information Technology Risk Management (商業銀行信息科技風險管理指引), which was promulgated by the China Banking Regulatory Commission and came into effect on March 3, 2009, a commercial bank shall strengthen its management of information technology outsourcing to ensure the security of sensitive information such as client data.

According to the Measures for the Administration of the Over-the-Counter Business for the National Interbank Bond Market (全國銀行間債券市場櫃檯業務管理辦法), which was promulgated by the PBOC and came into effect on February 14, 2016, over-the-counter business for the national interbank bond market (hereinafter referred to as the "**Over-the-Counter Business**") means that financial institutions provide services for the opening of bond accounts of investors, distribution of bonds and trading in bonds, as well as the corresponding bond custody, settlement, pledge registration, redemption agency, inquiry and other services, through their service outlets or electronic channels, among others. According to the Notice of Carrying out Over-the-Counter Business of Local Government Bonds on the National Interbank Bond Market (關於在全國銀行間債券市場開展地方政府債券櫃檯業務的通知) issued by the PBOC, the MOF and the China Banking and Insurance Regulatory Commission, which was promulgated and came into effect on November 10, 2018, institutions carrying out the Over-the-Counter Business may carry out the Over-the-Counter Business of issued local bonds recognized by issuers and newly issued local bonds whose issuance objects include investors of the Over-the-Counter Business.

Policies and Regulations on Healthcare Big Data

On February 6, 2020, the NHC issued the Notice of the General Office of the NHC to Strengthen Diagnosis and Treatment Consulting Services through the Internet to Prevent and Control the Epidemic Outbreak (國家衛生健康委辦公廳關於在疫情防控中做好互聯網診療諮詢服務工作的通知), requiring health administrative departments at all levels to make full use of the Internet diagnosis and consulting services in epidemic prevention and control, scientifically organize the Internet diagnosis and treatment consulting service work, effectively carry out the Internet diagnosis and treatment consulting service work, and effectively conduct the real-time supervision of the Internet diagnosis and treatment consulting service.

The Plan of Health China 2030 ("健康中國2030"規劃綱要), published by the Central Committee of the Communist Party of China and the State Council in 2016, proposes to establish a health information service system to improve the construction of population health information service system on one hand, and to improve the application of healthcare big data on the other hand. It further proposes to establish a health industry system with complete system and optimized structure, to form a group of large enterprises with strong innovation ability and international competitiveness, and to become a pillar industry of the national economy. According to the Guiding Opinions of the General Office of the State Council on Promoting and Regulating the Application and Development of Healthcare Big Data (國務院辦公廳關於促進和規範健康醫療大數據應用發展的指導意見), which was promulgated by the General Office of the State Council and became effective on June 21, 2016, the healthcare big data is a significant fundamental strategic resource in China. The application and development of healthcare big data is to bring profound changes to the mode of healthcare services, which is helpful to trigger and deepen the motivation and vigor for the reform of the medicine and health system, improve the efficiency and quality of healthcare services, and expand the supply of resources so as to satisfy the multi-level and diversified demands of the masses on health, and is also beneficial to fostering new business forms and economic growth points. According to the Notice of the NHC on the Promulgation of the Administrative Measures on Standards, Security and Services of National Healthcare Big Data (for Trial Implementation) (國家衛生健康委員會關於印發國家健康醫療大數據標準、安全和服務管理辦法(試行)的通知), which was promulgated by the NHC, and became effective on July 12, 2018, when selecting a service provider of healthcare big data, the entity shall ensure that the provider complies with national and industrial regulations and rules, is competent in carrying out the relevant regulations, systems and standards, and guaranteeing data security, and has established systems for data security management, personal privacy protection and emergency response management, etc.

According to the Measures for the Administration of Medical Quality (醫療質量管理辦法), which was promulgated by the NHFPC (currently known as the NHC) on September 25, 2016, and became effective on November 1, 2016, medical institutions shall establish medical quality management and control system covering the whole process of clinical diagnosis and treatment services which all members of the institution shall participate in. Medical institutions shall, in strict accordance with the relevant requirements of the health and family planning administrative departments and the quality control organizations on the management and control of medical quality, actively cooperate with the quality control organization in conducting work and promote the continuous improvement of medical quality. Medical institutions shall, in accordance with the relevant requirements, accurately submit the data information related to the medical quality and safety to the health and family planning administrative departments or the quality control organizations in a timely manner. Medical institutions shall skillfully use medical quality management tools to conduct medical quality management and self-evaluation, improve the relevant indicator system of medical quality management based on the quality control indicators and standards issued by the health and family planning administrative departments or the quality control organizations, collect the relevant information in a timely manner, and form the basic data of their medical quality. The Guiding Opinions of the General Office of the State Council on Establishing a Modern Hospital Management System (國務院辦公廳關於建立現代醫院管理制度的指導意見), which was promulgated by the General Office of the State Council and came into effect on July 14, 2017, proposes guiding opinions on improving the management system of hospital and establishing and improving the governance system of hospital. The Notice of Issuing the Key Points of the Basic Standards and the Core System of Medical Quality and Safety in Community Hospitals (for Trial Implementation) (關於印發社區醫院基本標準和醫療質量安全核心制度要點(試行)的通知), which was promulgated by the NHC and came into effect on May 31, 2019, proposes the basic requirements for the implementation of the core system of medical quality and safety in community hospitals.

Regulations on Information Security and Privacy Protection

According to the Decisions on Maintaining Internet Security (關於維護互聯網安全的決定), which were promulgated by the Standing Committee of the National People's Congress ("**SCNPC**") and became effective on August 27, 2009, violators may be subject to criminal punishment in China for any effort to: (1) use the internet to market fake and substandard products or carry out false publicity for any commodity or service; (2) use the internet for the purpose of damaging the commercial goodwill and product reputation of others; (3) use the internet for the purpose of infringing on the intellectual property of others; (4) use the internet for the purpose of fabricating and spreading false information that affects the trading of securities and futures or otherwise jeopardizes the financial order; or (5) create any pornographic website or webpage on the internet, provide links to pornographic websites or disseminate pornographic books and magazines, movies, audiovisual products or images. If any network operator violates relevant provisions, it may be ordered by competent authorities to suspend its operations or close its websites, and its relevant permit or business license may be revoked.

The Provisions on Protection of Personal Information of Telecommunication and Internet Users (電信和互聯網用戶個人信息保護規定), which was promulgated by the Ministry of Industry and Information Technology of the People's Republic of China on July 16, 2013 and became effective on September 1, 2013, regulates the collection and use of users' personal information in the provision of telecommunications services and internet information services in China. Telecommunication business operators and internet service providers are required to establish its own rules for the collection and use of users' information and cannot collect or use users' information without users' consent. Telecommunication business operators and internet service providers are prohibited from divulging, tampering with, damaging, selling or illegally providing others with personal information collected.

According to the Cyber Security Law of the PRC (中華人民共和國網絡安全法), which was promulgated by the SCNPC on November 7, 2016 and became effective on June 1, 2017, network operators of key information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC and their purchase of network products and services that may affect national securities shall be subject to national cyber security review. The Measures for the Security Review of Network Products and Services (Trial) (網絡產品和服務安全審查辦法(試行)), which was promulgated by the Cyberspace Administration of China on May 2, 2017 and became effective on June 1, 2017, provides more detailed requirements regarding the cyber security review.

REGULATIONS RELATING TO FOREIGN INVESTMENT

Restriction on Foreign Investment

According to the Provisions Guiding the Direction of Foreign Investment (指導外商投資方向規定), which was promulgated by the State Council on February 11, 2002 and became effective on April 1, 2002, industries in China are classified into four categories: "permitted foreign investment industries," "encouraged foreign investment industries," "restricted foreign investment industries" and "prohibited foreign investment industries." "Restricted foreign investment industries" and "prohibited foreign investment industries' are stipulated in the Special Administrative Measures (Negative List) for the Access of Foreign Investment (外商投資准入特別管理措施(負面清單)).

The Special Administrative Measures (Negative List) for the Access of Foreign Investment ("**Negative List**"), which was promulgated by the NDRC and the MOFCOM on June 30, 2019 and became effective on July 30, 2019, contains the administrative measures for the access of foreign investors. According to the Negative List, foreign investors who participate in the restricted items under the Negative List shall comply with relevant restrictions.

According to the Foreign Investment Law of the PRC (中華人民共和國外商投資法) ("**Foreign Investment Law**"), which was promulgated by the National People's Congress on March 15, 2019 and became effective on January 1, 2020, the PRC implements the management scheme of pre-establishment national treatment along with a negative list with respect to foreign investment. The pre-establishment national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments. The Negative List refers to special administrative measures for access of foreign investment in specific fields as stipulated by the PRC. The PRC gives national treatment to foreign investments outside the Negative List. The organization form, institutional framework and standard of conduct of a foreign-funded enterprise shall be subject to the provisions of the Company Law of the PRC (中華人民共和國公司法) and the Partnership Enterprise Law of the PRC (中華人民共和國合夥企業法). Foreign investors shall not invest in any field prohibited by the Negative List for foreign investment access. For any field with investment restricted by the Negative List for foreign investment access, foreign investors shall meet the investment conditions stipulated under the Negative List. Any field that does not fall within the Negative List shall be administered under the principle of consistency between domestic and foreign investment. Upon the Foreign Investment Law coming into effect, the Law on Sino-Foreign Equity Joint Ventures of the PRC (中華人民共和國中外合資經營企業法), the Law on Sino-Foreign Contractual Joint Ventures of the PRC (中華人民共和國中外合作經營企業法) and the Law on Wholly Foreign-owned Enterprises of the PRC (中華人民共和國外資企業法) were repealed simultaneously. Foreign-invested enterprises established in accordance with relevant laws stated above before the Foreign Investment Law coming into effect may retain their original form of organizations within five years after the Foreign Investment Law comes into effect.

Incorporation and Change of Foreign-invested Enterprises

According to the Measures for Reporting of Information on Foreign Investment (外商投資信息報告辦法) promulgated by the MOFCOM and the SAIC on December 13, 2019 which became effective on January 1, 2020, foreign investors or foreign-invested enterprises shall submit their investment information to the competent commerce authorities through the enterprise registration system and the National Enterprise Credit Information Publicity System. The market regulatory authorities shall promptly notify the competent commerce departments of the investment information submitted by the above-mentioned foreign investors and foreign-invested enterprises. The MOFCOM shall establish a foreign investment information reporting system to receive and process investment information promoted by market regulators and information shared between departments in a timely manner. When a foreign investor applies for the registration of the establishment of a foreign-invested enterprise within the territory of China, it shall submit an initial report through the enterprise registration system. In case of any change in the initial report, including the registration (filing) of the change of the enterprise, the foreign-invested enterprise shall submit the change report through the enterprise registration system when applying for the change (filing). If the enterprise alteration registration (filing) is not involved, the foreign-invested enterprise shall submit the alteration report through the enterprise registration system within 20 working days after the alteration occurs.

REGULATIONS RELATING TO FOREIGN EXCHANGE

General Rules of Foreign Exchange

Under the Foreign Exchange Administration Rules of the PRC (中華人民共和國外匯管理條例), which was last amended by the State Council and became effective on August 5, 2008, Foreign institutions and individuals who invest directly in China shall conduct registrations with foreign exchange authorities upon approval by the relevant authorities. According to the Circular 13, the SAFE has cancelled (1) confirmation of foreign exchange registration under domestic direct investment and confirmation of foreign exchange registration under overseas direct investment; (2) registration for confirmation of the non-cash capital contribution of foreign investors under domestic direct investment and the registration for confirmation of the capital contribution made by foreign investors for acquisition of the equity interests of the Chinese side; (3) foreign exchange filling of overseas re-investment; and (4) annual inspection on foreign exchange of direct investment.

According to the Circular of the State Administration of Foreign Exchange 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) which was promulgated by the SAFE and became effective on June 9, 2016, The term "discretionary settlement of foreign exchange receipts under the capital account" means the settlement of foreign exchange receipts under the capital account (including the foreign exchange capital, external debts and funds recovered from overseas listing, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the domestic institutions' actual requirements for business operation. Domestic institutions may, when conducting the discretionary settlement of foreign exchange receipts under the capital account, use their foreign exchange receipts according to the system of foreign exchange settlement upon payment. The foreign exchange receipts under the capital account and capital in RMB obtained through foreign exchange settlement shall not be used for the following purposes: (1) directly or indirectly used for payments outside the business scope or for payments prohibited under relevant laws and regulations; (2) directly or indirectly used for investment in securities or for investment in financing products other than principle guaranteed products provided by banks, unless otherwise provided by laws and regulations; (3) used for granting loans to non-related enterprises, unless permitted by the scope of business; and (4) used for constructing or purchasing of real estate that is not for self-use, unless such company is a real estate company.

Dividend Distribution

According to the Notice of the State Administration of Foreign Exchange on Issuing Service Trading Foreign Exchange Administration Rules (國家外匯管理局關於印發服務貿易外匯管理法規的通知), which was promulgated by the SAFE on July 18, 2013 and became effective on September 1, 2013, and the Notice of the State Administration of Foreign Exchange on Repealing and Amending Relevant Regulatory Documents Involving the Reform of the Registration System for Registered Capital (國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知), which was promulgated by the SAFE and became effective on May 4, 2015, profits, dividends and bonuses shall fall into the scope of current foreign exchange receipts and payments under trade in services, and shall subject to the regulations of foreign exchange of trade in services. For payments of profits, dividends and bonuses to foreign investors in an amount more than USD50,000, the payer shall submit resolutions of the board of directors on the distribution of profits related to the remittance to the bank for review.

According to the Notice of the State Administration of Foreign Exchange on Further Promoting Trade and Investment Facilitation and Improving the Authenticity Review (國家外匯管理局關於進一步促進貿易投資便利化完善真實性審核的通知), which was promulgated by the SAFE and became effective on April 26, 2016, when handling outward remittance of profits exceeding equivalent USD50,000 (exclusive) for a domestic institution, a bank shall, based on the real transaction principle, review the board resolution on profit distribution in connection with the remittance, originals of the tax registration forms and financial statements proving the profits.

Foreign Exchange Registration for Overseas Investments by Domestic Residents

According to the Circular 37, "SPVs" is defined as offshore enterprises directly established or indirectly controlled by domestic residents (including domestic institutions and individual residents) with their legally owned assets or equity of domestic enterprises, or legally owned offshore assets or equity, for the purpose of offshore investment and financing. A domestic residents shall go through the foreign exchange registration procedures for overseas investments with the SAFE prior to contributing domestic or overseas legal assets or equity interests to SPVs. Following the initial registration, any major changes such as change in the overseas SPV's domestic resident shareholders, names of the overseas SPVs and terms of operation or any increase or reduction of the overseas SPVs, registered capital, share transfer or swap, merger or division, or similar developments, shall be reported to the SAFE for registering the foreign exchange changes of overseas investments in time, and failing to comply with the registration procedures as set out in Circular 37 may be punished by the SAFE.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Computer Software Copyrights

According to the Copyright Law of the PRC (中華人民共和國著作權法), which was last amended by the SCNPC on February 26, 2010 and came into effect on April 1, 2010, the copyright protection is expanded to cover Internet activities, products distributed via Internet and software products.

According to the Regulations on the Protection of Computer Software (計算機軟件保護條例), which was last amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, software created by Chinese citizens, legal entities or other organizations, whether published or not, shall enjoy copyright protection. Copyrights shall include the right of publication, authorship, alteration, reproduction, distribution, lease, translation, etc. Software copyrights shall be valid since the completion date of its creation. The term of protection of a natural person's software copyright shall be the lifetime of the natural person and fifty years after his death, expiring on December 31 of the fiftieth year after his death. The term of protection of software copyright which belongs to a legal entity or other organizations shall be fifty years, expiring on December 31 of the fiftieth year after the first publication of such software, provided that any such software that has not been published within fifty years after the completion of its creation shall no longer be protected. Anyone who commits any infringement of computer software copyrights shall bear liabilities for ceasing the infringing act, elimination the effects of the act, making a public apology or paying compensation for damages, etc.

According to the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法), which was promulgated by the National Copyright Administration of the People's Republic of China ("**NCA**") and became effective on February 20, 2002, the NCA shall be in charge of the administration of the registration of software copyright of the whole country, and the China Copyright Protection Center is the body for software registration. The applicant can apply for registration of software copyright, and the registration of exclusive license contracts and transfer contracts of software copyright.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Administrative Measures for Internet Domain Names (互聯網域名管理辦法), which was promulgated by the Ministry of Industry and Information Technology of the People's Republic of China on August 24, 2017 and came into effect on November 1, 2017, the Detailed Implementation Rules of China Internet Network Information Center on Domain Name Registration (中國互聯網絡信息中心域名註冊實施細則), which was promulgated by China Internet Network Information Center (the "**CNNIC**") and came into effect on May 29, 2012, and the Measures of China Internet Network Information Center for Resolving Disputes

Regarding Domain Names (中國互聯網絡信息中心域名爭議解決辦法), which was last amended and came into effect on September 1, 2014. Domain name registrations shall be handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Trademarks

According to the Trademark Law of the PRC (中華人民共和國商標法), which was last amended by the SCNPC on April 23, 2019 and came into effect on November 1, 2019, and the Detailed Rules for the Implementation of Trademark Law of the PRC (中華人民共和國商標法實施條例), which was amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, registered trademarks include commodity trademarks, service trademarks, collective trademarks and certificate trademarks. A registered trademark is valid for ten years and is renewable every ten years since the day after the expiration date of the previous term of validity of the trademark where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months (with an extension period of six months) prior to the expiration of the term. As for trademarks, the Trademark Law of the PRC has adopted a "first come, first file" principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

REGULATIONS RELATING TO TAX

Enterprise Income Tax

According to the Enterprise Income Tax Law of PRC (中華人民共和國企業所得稅法), which was last amended by the National People's Congress and came into effect on December 29, 2018, and the Regulations for the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), which was amended by the State Council and came into effect on April 23, 2019, a uniform corporate income tax rate of 25% is applicable. Taxpayers are classified into resident and non-resident enterprises. If non-resident enterprises have not formed permanent establishments or premises in China, or if they have formed permanent establishment institutions or premises in China but there is no actual relationship between the relevant income derived in China 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 China.

According to the Circular of the State Taxation Administration on the Issues Concerning Implementation of the Preferential Income Tax for High and New Technology Enterprises (國家稅務總局關於實施高新技術企業所得稅優惠有關問題的通知), which was promulgated by the SAT on April 22, 2009 and became effective on January 1, 2008, the corporate income tax rate for a high and new technology enterprise is 15%. Pursuant to the Circular of the State Taxation Administration on the Issues Concerning Implementation of the Preferential Income Tax Policy for High and New Technology Enterprises (國家稅務總局關於實施高新技術企業所得稅優惠政策有關問題的公告), which was promulgated by the SAT and became effective on June 19, 2017, for the year when the qualification of high and new technology enterprise expires, its corporate income tax is temporarily paid at a rate of 15% before its re-examination, provided the high and new technology enterprise has not obtained the qualification of high and new technology enterprise before the end of the year, it shall supplement the tax balance for the corresponding period as required. 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 January 29, 2016 and effected on January 1, 2016, the certificate of a high and new technology enterprise is valid for three years from the date of issuance.

Value-added Tax

According to the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例), which was last amended and came into effect on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例實施細則), which was last amended on October 28, 2011 and came into effect on November 1, 2011, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of China shall be subject to value-added tax. According to the Circular of Full Implementation of Business Tax to Value-added Tax Reform (關於全面推開營業稅改徵增值稅試點的通知), which was promulgated on March 23, 2016 and became effective on May 1, 2016, the Notice on Pilot Policies of Levying Value-added Tax in Lieu of Business Tax for Construction Services and Other Sectors (關於建築服務等營改增試點政策的通知), which was promulgated on July 11, 2017 and became effective on July 1, 2017, and the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (關於深化增值稅改革有關政策的公告), which was promulgated on March 20, 2019 and became effective on April 1, 2019, the pilot program of replacing business tax with VAT shall be promoted to cover sales of services, intangible assets and real estates nationwide.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Value-added Tax Policies for Software Products (財政部、國家稅務總局關於軟件產品增值稅政策的通知), which was promulgated on October 13, 2011 and became effective on January 1, 2011, if general VAT taxpayers sell self-developed and produced software products, after VAT has been collected at the statutory tax rate of 17%, the refund-upon-collection policy shall be applied to the part of actual VAT burden in excess of 3%. Pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on Adjusting Value-added Tax Rates (財政部、稅務總局關於調整增值稅稅率的通知), which was promulgated on April 4, 2018 and became effective on May 1, 2018, tax rates of 17%/11% applicable to any taxpayer's VAT-taxable sale or import of goods shall be adjusted to 16%/10%, respectively.

City Maintenance and Construction Tax

In accordance with the Provisional Regulations on Urban Maintenance and Construction Tax of the PRC (中華人民共和國城市維護建設稅暫行條例), which was amended and became effective on January 8, 2011, and the Circular of the State Taxation Administration on Issues Concerning the Collection of the Urban Maintenance and Construction Tax (國家稅務總局關於城市維護建設稅徵收問題的通知), which was promulgated and became effective on March 12, 1994, any entity or individual liable to consumption tax, value-added tax and business tax shall also be required to pay urban maintenance and construction tax. Payment of urban maintenance and construction tax shall be based on the consumption tax, value added tax and business tax which a taxpayer actually pays and shall be made simultaneously when the latter are paid. The rates of urban maintenance and construction tax shall be 7%, 5% and 1% for a taxpayer in a city, in a county town or town and in a place other than a city, county town or town respectively.

Educational Surcharges and Local Education Surcharges

In accordance with the Provisional Provisions on the Collection of Educational Surcharges (徵收教育費附加的暫行規定), which was last amended and came into effect on January 8, 2011, all entities and individuals who pay consumption tax, value-added tax and business tax shall also be required to pay educational surcharges. The educational surcharge rate is 3% of the amount of value-added tax, business tax and consumption tax actually paid by each entity or individual, and the educational surcharges shall be paid simultaneously with value-added tax, business tax and consumption tax.

According to the Notice from the Beijing Municipal People's Government Regarding the Issuance of the Administrative Measures on Local Education Surcharges (北京市人民政府關於印發北京市地方教育附加徵收使用管理辦法的通知), which was promulgated on December 21, 2011 and became effective on January 1, 2012, for all entities and individuals who pay value-added tax, consumption tax and business tax in the administrative region of Beijing Municipality, in addition to paying education surcharges as required by the PRC government, they shall also pay local education surcharges in accordance with the provisions of these Measures. Local education surcharges shall be based on 2% of the value added tax, consumption tax and business tax which a taxpayer actually pays and shall be made simultaneously when the latter are paid.

REGULATIONS RELATING TO LABOR AND SOCIAL INSURANCE

Labor Contract Law

The Labor Contract Law of the PRC (中華人民共和國勞動合同法) ("**Labor Contract Law**"), which was amended on December 28, 2012 and came into effect on July 1, 2013, and the Implementation Regulations on Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例) which were promulgated and came into effect on September 18, 2008, mainly regulate the rights and obligations of employees and employers, including matters relating to the execution, performance and termination of labor contracts. Pursuant to the Labor Contract Law, where an enterprise or institution will or has established an employment relationship with an employee, a labor contract must be made in writing.

Social insurance

According to the Regulations on Occupational Injury Insurance (工傷保險條例), which was amended on December 20, 2010 and became effective on January 1, 2011, the Trial Measures on Employee Maternity Insurance of Enterprises (企業職工生育保險試行辦法), which was promulgated on December 14, 1994 and became effective on January 1, 1995, the Decisions of the State Council on the Establishment of Unified System of Basic Retirement Insurance Fund for the Employees of Enterprises (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), which was promulgated and became effective on July 16, 1997, the Decisions of the State Council on the Establishment of the Medical Insurance Program for Urban Workers (國務院關於建立城鎮職工基本醫療保險制度的決定), which was promulgated and became effective on December 14, 1998, the Unemployment Insurance Measures (失業保險條例), which was promulgated and came into effect on January 22, 1999, the Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), which was amended and came into effect on March 24, 2019, and the Social Insurance Law of the PRC (中華人民共和國社會保險法), which was amended and came into effect on December 29, 2018, enterprises are obliged to provide their employees in China with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up the relevant amount within a prescribed time limit.

For entities failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, a fine will be imposed on them. Where an entity fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a late fee; if still failing to pay within the time limit prescribed, a fine will be imposed on them. Where an entity fails to apply for housing fund deposit registration, the housing fund administrative center will order the employer to pay the amount within a prescribed time limit; if the entity still fails to pay the amount, an application will be made to the People's Court for compulsory enforcement.

According to 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), which was issued by the General Office of the Communist Party of China and the General Office of the State Council on July 20, 2018, since January 1, 2019, the duties for collecting and administrating the social insurance premiums were to transferred from the Ministry of Human Resources and Social Security to the tax authorities. On September 18, 2018, the executive meeting of the State Council announced that the social insurance policies will remain unchanged until the social insurance authorities completed handover. Furthermore, the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知), which was issued by Ministry of Human Resources and Social Security and came into effect on September 21, 2018, requires that the policies on the social insurance contribution rate and baseline shall remain unchanged until the reform on the transfer of social insurance authorities is completed. The Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (關於實施進一步支持和服務民營經濟發展若干措施的通知), which was issued by the SAT and came into effect on November 16, 2018, provides that the social insurance policy will remain stable, and the SAT will cooperate with relevant authorities in their efforts to reduce the social insurance contribution rate and ensure to reduce the overall burden of corporate social insurance contributions.

According to the Notice on Effectively Conducting Social Insurance Management during the Prevention and Control of Pneumonia of Novel Coronavirus Infection (關於切實做好新型冠狀病毒感染的肺炎疫情防控期間社會保險經辦工作的通知) issued by the Ministry of Human Resources and Social Security on January 30, 2020, and the Notice on Further Improving Municipal Human Resources and Social Security during the Epidemic Prevention and Control (關於進一步做好疫情防控期間本市人力資源和社會保障相關工作的通知) issued by Beijing Human Resources and Social Security Bureau on January 31, 2020, the collection period of social insurance premiums payable in January and February 2020 was extended to the end of March 2020.

Housing Fund

In accordance with the Regulations on the Management of Housing Fund (住房公積金管理條例), which was last amended by the State Council and came into effect on March 24, 2019, employers shall apply for housing fund deposit registration with the local housing fund administrative center, and shall open an housing fund account at the relevant bank. Employers failing to complete such registration and open such account may be ordered to make corrections within a prescribed time limit; if they fail to do so within the time limit, a fine of RMB10,000 to RMB50,000 will be imposed on them. Where an employer fails to pay the housing fund in full, the housing fund administrative center will order the employer to pay the amount within a prescribed time limit; if the employer still fails to pay the amount, the housing fund administrative center can apply to the People's Court for compulsory enforcement of the outstanding amount.

According to the Notice on Cooperating with Epidemic Prevention and Control and Strengthening the Housing Fund Service Guarantee of the Central State Organs (關於配合做好疫情防控工作加強中央國家機關住房公積金服務保障的通知) issued by the Central State Organs Housing Fund Management Center on February 3, 2020 and the Notice on the Handling of Housing Fund Business during the Epidemic Prevention and Control (關於疫情防控期間住房公積金業務辦理相關事項的通告) issued by Beijing Housing Fund Management Center on February 1, 2020, employers with difficulties are allowed to postpone the deposit of housing fund during the epidemic outbreak. After the epidemic is over, the payment shall be made in time, which shall be deemed as continuous deposits. For the individual housing loan of the housing accumulation fund that has been postponed due to the epidemic prevention and control, the handling department and the entrusted bank shall notify the borrower to adjust the loan date. Individuals hospitalized for treatment or quarantine due to infection with COVID-19, quarantined individuals for epidemic prevention and control purpose and individuals involved in epidemic prevention and control, who fail to make normal repayment due to the epidemic, shall not be considered overdue.

REGULATIONS RELATING TO HOUSE LEASING

According to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法), which was promulgated by the Ministry of Housing and Urban-Rural Development of the People's Republic of China on December 1, 2010 and came into effect on February 1, 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration with the construction (real estate) administrative department of the people's government of a municipality directly under the central government of the PRC, city or county where the house leased is located. The relevant parties may entrust others in writing to complete the house leasing registration and filling. If the relevant parties fail to make registration, they may be ordered to make corrections within a specified time limit by the construction (real estate) administrative department of the people's government of a municipality directly under the central government of the PRC, city or county. If any individual fails to do so, a fine of less than RMB1,000 will be imposed, while if any entity fails to do so, a fine not less than RMB1,000 and not more than RMB10,000 will be imposed.

Certain information and statistics set out in this section and elsewhere in this Prospectus relating to the IT solution industry in the PRC are derived from the CIC Report prepared by CIC, an independent industry consultant which was commissioned by us. We believe that the sources of such information and statistics are appropriate for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading in any material respect. Our Directors have further confirmed, after making reasonable enquiries and exercising reasonable care, that there is no adverse change in the market information since the date of publication of the CIC Report or any of the other reports which may qualify, contradict or have an impact on the information in this section. No independent verification has been carried out on such information and statistics by our Group, the Sole Sponsor, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved except CIC in the Global Offering and no representation is given as to its accuracy, completeness or fairness. Accordingly, you should not place undue reliance on such information and statistics.

Unless and except for otherwise specified, the market and industry information and data presented in this Industry Overview section is derived from the CIC Report. The information in this section may not be consistent with that compiled by other sources.

We commissioned China Insights Industry Consultancy Limited ("**CIC**"), a market research and consulting company and an Independent Third Party, to conduct research and analysis of, and to produce a report on the finance IT solution industry and the healthcare IT solution industry in the PRC for the period from 2015 to 2026. The CIC Report has been prepared by CIC independent of the influence of us or other interested parties. We paid CIC a total fee of RMB413,400 for the preparation and use of the CIC Report, and we believe that such fees are consistent with the market rate. CIC is a consulting firm founded in Hong Kong and provides professional industry consulting services across multiple industries. CIC's services include industry consultancy services, commercial due diligence and strategic consulting.

In compiling and preparing the CIC Report, CIC has adopted the following assumptions: (1) the economic and industry development in the PRC is likely to maintain a steady growth in the next decade; (2) related key industrial drivers are likely to continue to drive the growth of the IT solution industry in the PRC during the forecast period, such as the development of financial institutions and healthcare institutions, increasing IT expenditures, advancement of cutting-edge technologies, favorable policies and regulations; and (3) no extreme force majeure event or industry regulation will have a dramatic or fundamental impact on the market.

CIC has conducted primary research which involved interviewing key industry experts and leading industry participants. CIC has also conducted secondary research which involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics, the CNNIC and the General Office of the NHC, the China Banking Insurance Regulatory Commission. Parameters used in the CIC Report include: (1) market size of the IT solution industry in the PRC; (2) market size of the finance IT solution industry in the PRC; (3) total issuance size of over-the-counter bonds in the PRC; (4) market size of third-party over-the-counter bond bookkeeping system in the PRC; (5) market size of the RPA solution industry in the PRC; and (6) market size of the healthcare IT solution industry.

DIRECTOR'S CONFIRMATION

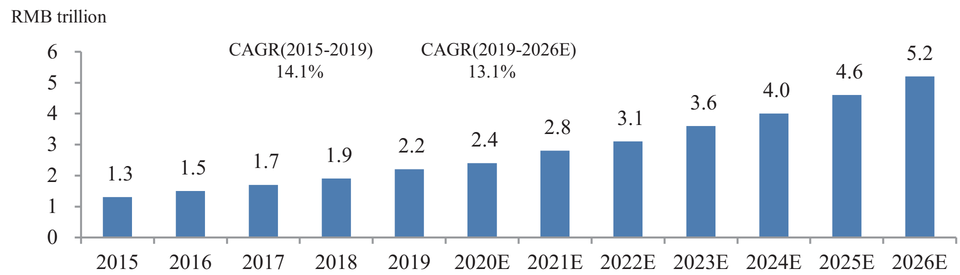
Our Directors confirm that, after taking reasonable enquiries, there is no material adverse change in the market information since the date of the CIC Report which may qualify, contradict or have an impact on the information in this section.

OVERVIEW OF THE IT SOLUTION INDUSTRY IN THE PRC

An IT solution is a set of related software programs and services that are provided as a combined package for the major industry sectors of finance industry, energy industry, healthcare industry, agriculture industry, education industry, entertainment industry and others. The IT solution industry in the PRC has experienced a fast development over the past five years. Specifically, the market size of the IT solution industry in China in terms of sales revenue increased from RMB1.3 trillion in 2015 to RMB2.2 trillion in 2019, representing a CAGR of 14.1%. With the transforming economic growth focusing on service industry and the industrial upgrading in the PRC, the IT solution industry is expected to further develop at a sustainable CAGR of 13.1% from 2019 to 2026, reaching a market size of RMB5.2 trillion by 2026. There were over 5,000 market participants engaging in the IT solution industry in China in 2019. The traditional IT solution industry in China is highly fragmented. In 2019, there were over 300 market participants for human resource management system, over 500 market participants for budget management system and over 2,000 market participants for project management system.

The following chart sets forth the historical and forecast market size of the IT solution industry in the PRC in terms of sales revenue for the periods indicated.

Market size of IT solution industry in the PRC, 2015-2026E



Source: CIC Report

CHALLENGES OF THE IT SOLUTION INDUSTRY IN THE PRC

- ***Talent acquisition.*** The IT solution industry in China is highly competitive and IT solutions are rapidly evolving to accommodate customers' demands, resulting in increasing needs for talents to develop new technologies and new solutions. It is crucial for market players to devote substantial resources to attracting and retaining talents, as well as to cultivate talented personnel to maintain and upgrade technological capabilities in product innovation and operational optimization.

- ***Data security.*** Data safety is an important issue faced by most companies across all industries. Data loss or server breach might lead to serious economic losses. IT solution providers need to continuously improve the security level of their solutions and services to make sure that users' data is securely stored and transmitted.

ENTRY BARRIERS OF THE IT SOLUTION INDUSTRY IN THE PRC

- ***Skilled workforce.*** As a high-technology industry, the IT solution industry values skilled professionals as a critical asset. However, the human resource market is very dynamic in the PRC. Many employees who hold high academic qualifications tend to change their jobs frequently as they seek better employment opportunities. Therefore, it is challenging for new market players to attract, acquire, and retain skilled talents during their early development stage.

- ***Capital intensity.*** Technologies have been continuously adopted when companies launch new businesses and services in recent years. Therefore, IT solution providers must improve their technologies and solutions to meet these new demands of their clients. However, research and development requires a massive amount of capital investment and new entrants to the market may find difficult to compete with leading market participants due to their limited financial resources.

- ***Brand reputation.*** Some large companies have established well-known brands in the IT solution industry. These firms have a long operating history in the PRC's IT solution industry and have gained considerable market share as a result of their well-established brands. In addition, their solutions and services are perceived with higher quality than those of companies lacking brand reputation. Therefore, it is challenging for new market players to establish a brand image and acquire business in a short period of time.

- ***Business relationships with customers.*** Replacing IT systems requires large amounts of time and capital input. It also exposes these institutions to great risks, such as data losses and device damages. Therefore, downstream customers usually have a strong loyalty to a selected group of IT solution providers. It is difficult for new market players to build business relationships with customers and take market share from early movers.

KEY SUCCESS FACTORS OF THE IT SOLUTION INDUSTRY IN THE PRC

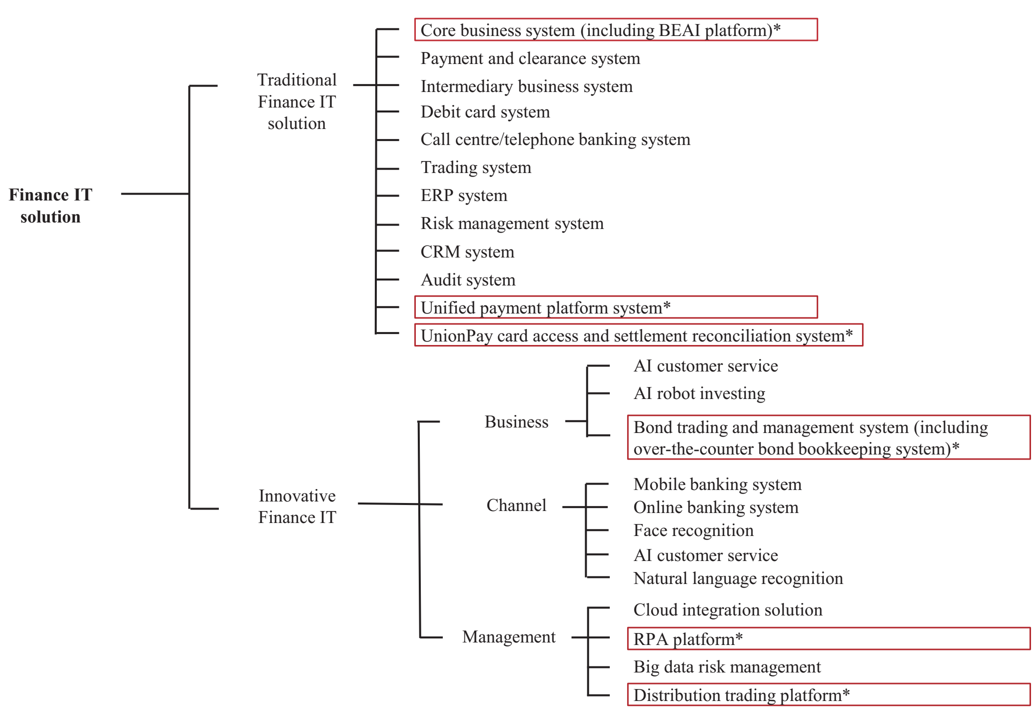
- ***Early-mover advantage in new technologies.*** The first companies entered into the market enjoy competitive advantages over the followers in terms of customer base, technology and costs. In particular, patents and copyrights of IT solutions can ensure certain of these advantages are untouchable by future competitors. In addition, early movers in the IT solution industry are able to form strong customer stickiness, due to the high replacement cost.
- ***Strong research and development capability and continuous investment in research and development.*** With the ever-changing customer demands, it is crucial for IT solution providers to continuously invest in research and development, in order to consistently introduce new products to be applied in varying scenarios. An experienced research and development team is also essential for the success of any IT solution provider. An experienced development team with high execution capability is able to develop and deliver solutions and services to meet customers' various demands.
- ***Deep understanding of customer demands.*** Customers' demands for IT solutions vary significantly across different companies in various industries that are different in scale, development stage and business focus. IT solution providers need to have a profound and comprehensive understanding of their customers and offer customized solutions and services with tailored functions in order to obtain a large customer base and market share.
- ***Well-maintained relationships with customers.*** As the IT solution industry has become more and more customer-oriented, IT solution providers need to recognize the importance of maintaining good relationship with their customers by offering ongoing technical and maintenance services and solution upgrade services to generate long-lasting customer loyalty.
- ***Proven track record.*** The customer stickiness of IT solution is relatively high, due to the high replacement cost, including data loss risk, time spent on re-installation and money spent on re-purchasing. It is crucial for IT solution providers to establish high customer recognition through its proven track record so that they can obtain high product penetration and large market share.

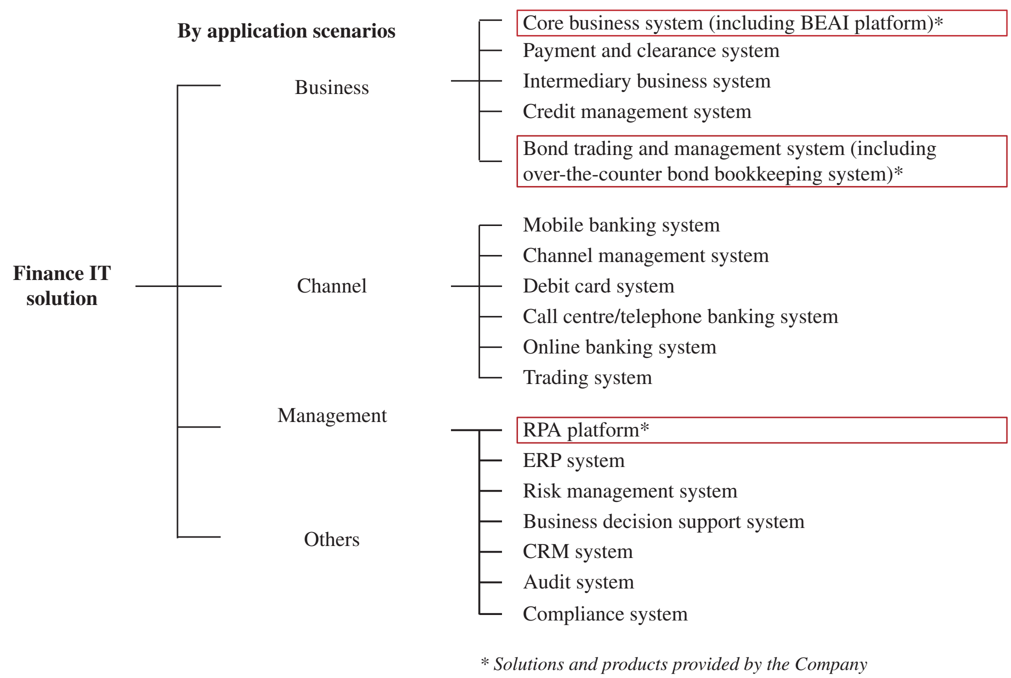
FINANCE IT SOLUTION INDUSTRY IN THE PRC

Definition and Classification of the Finance IT Solution Industry

Finance IT solution, being one of the major industry sectors under the IT solution industry, refers to the IT solutions, being comprised of software and services, that are adopted by financial institutions to manage their business, customers and operations. Finance IT solution can be categorized into four sectors based on the application scenarios, including business, channel, management and others.

The following diagrams illustrate the classification of the finance IT solution industry:





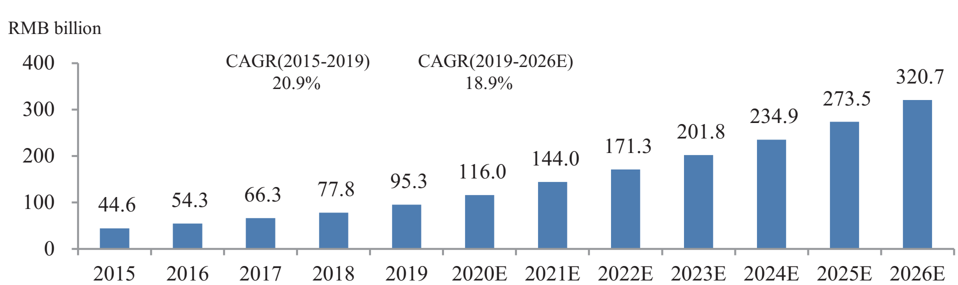
Source: CIC Report

Market Size of the Finance IT Solution Industry in the PRC

IT solutions have been widely adopted in the finance industry to enhance operational efficiency, improve customer satisfaction, and reduce costs. The market size of the finance IT solution industry in China in terms of sales revenue increased from RMB44.6 billion in 2015, accounting for 3.5% of the market size of the IT solution industry in the same year, to RMB95.3 billion in 2019, accounting for 4.4% of the market size of the IT solution industry in the same year, representing a CAGR of 20.9%. With the continual informatization process within the finance industry, it is expected that the market size of finance IT solution in China in terms of sales revenue will reach RMB320.7 billion in 2026, accounting for 6.2% of the market size of the IT solution industry in the same year, representing a CAGR of 18.9% from 2019 to 2026.

The following chart sets forth the historical and forecast market size of the finance IT solution industry in the PRC in terms of sales revenue for the periods indicated.

Market size of finance IT solution industry in the PRC, 2015-2026E



Source: CIC Report

Market Drivers of the Finance IT Solution Industry in the PRC

- ***Development of financial institutions.*** The number of financial institutions in the PRC has been continuously increasing, with the number of banking institutions increasing from 3,814 in 2015 to 4,188 in 2019 with a CAGR of 2.4%, the number of securities institutions increasing from 125 in 2015 to 133 in 2019 with a CAGR of 1.6%, the number of insurance institutions increasing from 126 in 2015 to 168 in 2019 with a CAGR of 7.5%, and the number of other financial institutions increasing from 447 in 2015 to 508 in 2019 with a CAGR of 3.2%, providing a large and stable customer base for finance IT solution providers. In addition, financial institutions generally have strong profitability, leading to large development potential for the finance IT solution industry in the PRC.

- ***Benefits of finance IT solutions leading to higher IT expenditure.*** Finance IT solutions can bring numerous benefits to the finance industry and are expected to be widely adopted by financial institutions. Since the IT expenditure of financial institutions in China accounts for only approximately 2.0% of their total revenue, compared with approximately 6.0% for financial institutions in the United States, China's finance IT solution industry has great potential.

- ***Advancement of emerging technologies.*** The application of emerging technologies, such as big data analytics, AI and cloud computing, enables companies to significantly enhance productivity and improve operational efficiency. Accordingly, financial institutions have systematically applied those technologies in their daily operations. The big data application industry, the cloud computing service industry and the AI industry in China all experienced a double-digit growth from 2015 to 2019. The finance IT solution industry will continue to benefit from the advancements of these technologies.

Future Trends of the Finance IT Solution Industry in the PRC

- ***Increasing specialization and differentiation.*** The service-oriented trend of finance IT services requires IT solution providers to have a deep understanding of customer needs, and develop and provide customer-oriented solutions and services. As different types of financial institutions demand different software functions, an understanding of the specific IT application of downstream industry has become one of the important criteria for customers in choosing suppliers, which makes the finance IT solution industry more specialized and differentiated.

- ***Increasing utilization of new technologies.*** Financial institutions embrace the technologies, such as big data analytics, AI and cloud computing, to enhance operational efficiency and reduce costs. Repetitive works could be significantly reduced by the adoption of Robotic Process Automation solution, or RPA solution. Finance IT solution providers will continue to integrate such technologies into their product development.

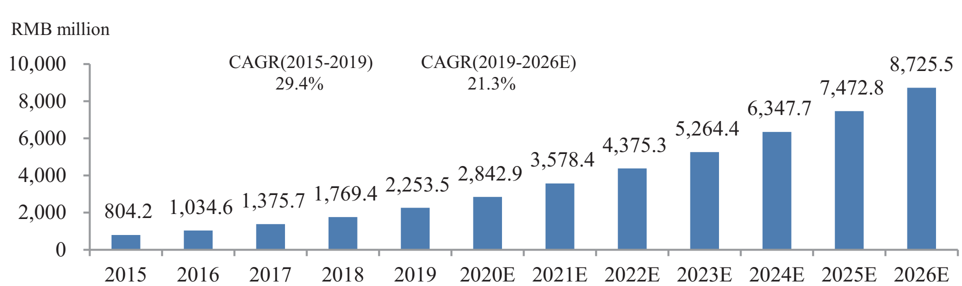
- ***Increasing number of local governments issuing over-the-counter bonds.*** PBOC, MOF and China Banking and Insurance Regulatory Commission announced the Notice of Carrying out Over-the-Counter Business of Local Government Bonds on the National Interbank Bond Market in November 2018 for the purposes of expanding the issuance channels of local government bonds, meeting the demands of individuals and small and medium-sized institutional investors, and enriching the over-the-counter bond business on the national interbank bond market. An increasing number of local governments will actively respond by promoting the over-the-counter issuance of local government bond.

Market Size of BEAI Platform for Financial Institutions in the PRC

BEAI platform acts as an interim system between various front-end systems and the core business system for centralized management purpose. As there are an increasing number of front-end sub systems for various business scenarios in financial institutions, BEAI platform will become increasingly important. It is expected that more financial institutions will upgrade their existing core business system to include a BEAI platform or to have BEAI platform in the deployment of new core business system.

The following chart sets forth the historical and forecast market size of the BEAI platform for financial institutions in the PRC in terms of sales revenue for the periods indicated.

Market size of BEAI platform for financial institutions in the PRC, 2015-2026E



Source: CIC Report

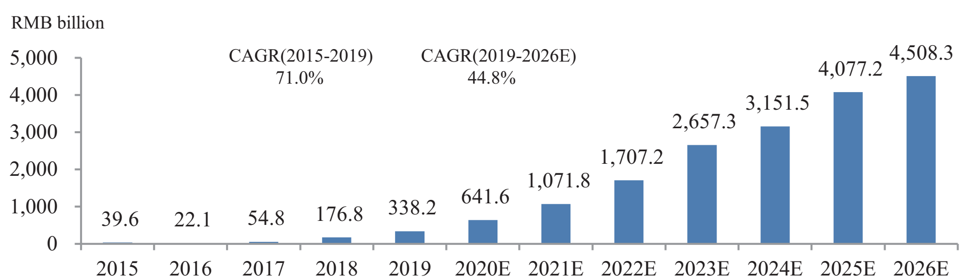
Analysis of the Third-Party Over-the-counter Bond Bookkeeping System Market

In China, bonds can be issued through over-the-counter operation and non-over-the-counter operation. The total issuance size of over-the-counter bonds in China increased from RMB39.6 billion in 2015 to RMB338.2 billion in 2019 with a CAGR of 71.0%, given the expansionary fiscal environment in the PRC. The number of banks that are qualified to conduct the business of over-the-counter bond issuance in the PRC increased from 31 in 2015 to 48 in 2019, representing a CAGR of 11.6%.

Driven by the convenience of over-the-counter issuance, large investor coverage, and various favorable policies, the total issuance size of over-the-counter bonds in China is expected to increase to RMB4,508.3 billion in 2026, boosting the demand for third-party over-the-counter bond bookkeeping systems. It is expected that over 4,000 banks, covering approximately 90% of all banks in the PRC, will be qualified to conduct the business of over-the-counter bond issuance in 2026 in the PRC.

The following chart sets forth the historical and forecast figure of the total issuance size of over-the-counter bonds in the PRC for the periods indicated.

Total issuance size of over-the-counter bonds* in the PRC, 2015-2026E



*: Including bookkeeping treasury bonds, bonds issued by policy banks, bonds issued by China Development Bank, and local government bonds.

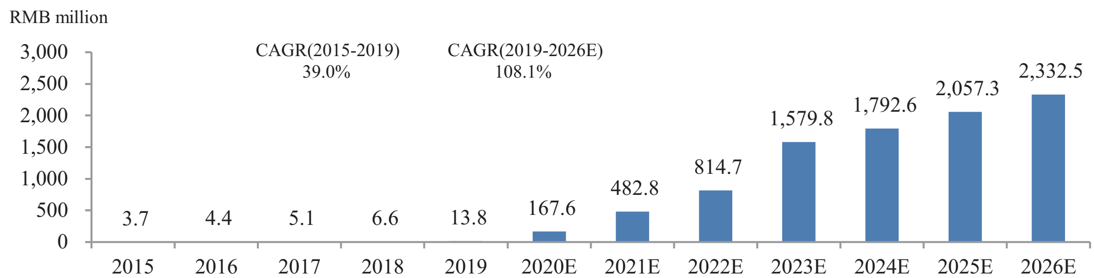
Source: CIC Report

The bond bookkeeping process is electronically recorded through a bond custody account opened by a commercial bank and a bond custodian and does not require the bond holder to hold a physical certificate. PBOC and MOF require every bank that applies for the over-the-counter bond issuance business to install a set of over-the-counter bond bookkeeping system to ensure that a secure and stable transaction management system is in place before the relevant business is conducted. Over-the-counter bond bookkeeping systems are specifically tailored for commercial banks' need to develop over-the-counter bond issuance business.

As a new type of commercial bank business, the over-the-counter business of local government bonds has been promoted to an increasing number of commercial banks since the issuance of the Notice of Carrying out Over-the-Counter Business of Local Government Bonds on the National Interbank Bond Market by PBOC, MOF and China Banking and Insurance Regulatory Commission in November 2018. After the policy was carried out, certain local governments that have been granted the permission to issue local government bonds through over-the-counter business have actively supported and participated in the bond issuance. As a result, an increasing number of banks adopted the over-the-counter bond bookkeeping system to cater to the demand from bond investors, particularly from individual investors of local government bonds. Like online banking system and other mature banking IT system, over-the-counter system will become an integral part of banks in the future, given that more local governments will be granted the permission to issue local government bonds through over-the-counter business. Banks either engage a third-party IT solution provider or deploy their own IT personnel for the development of over-the-counter bond bookkeeping system. With the increasing issuance of the bond through over-the-counter business, more banks have turned to third-party vendors to provide the over-the-counter bond bookkeeping systems since most of the banks generally lack the expertise and experience to deploy such system by themselves, leading to a higher penetration rate of the systems. As of March 31, 2020, there were 48 banks in the PRC that are qualified to carry out over-the-counter bond business, of which 28 banks deployed the over-the-counter bond bookkeeping system whereas the other 20 banks had not commenced the over-the-counter bond business. Among the 28 banks that deployed the over-the-counter bond bookkeeping system, 11 banks deployed their in-house IT teams while the other 17 banks engaged third-party providers to deploy the over-the-counter bond bookkeeping system. Driven by these favorable factors, the market size of third-party over-the-counter bond bookkeeping system in China in terms of sales revenue is expected to reach RMB2,332.5 million in 2026.

The following chart sets forth the historical and forecast market size of third-party over-the-counter bond bookkeeping systems in the PRC in terms of sales revenue for the periods indicated.

Market size of third-party over-the-counter bond bookkeeping system in the PRC, 2015-2026E



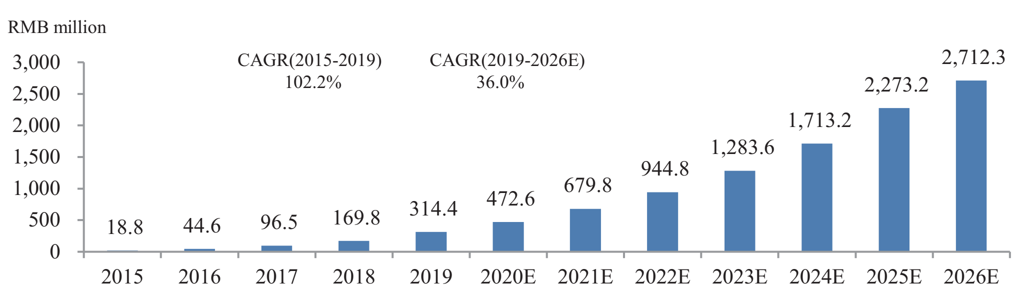
Source: CIC Report

Analysis of the RPA Solution Market

With advanced technologies and proven ability in effectively saving costs, the profit margin of RPA solutions for financial institutions is generally higher than that of traditional IT solutions for financial institutions. RPA solution helps optimize operational efficiency of financial institutions by replacing labor intensive procedures with process automation through robotic execution, leading to lower labor costs. RPA solution is an important application of AI technology. As a result, the RPA solution market in China continuously benefits from favorable government policies in promoting the development of the AI industry. Such policies include the Notice of the State Council on Issuing the Development Plan on the New Generation of Artificial Intelligence (國務院關於印發新一代人工智能發展規劃的通知), the Notice of the Ministry of Science and Technology on Issuing the Work Guidelines for the Construction of National Open Innovation Platforms for the New Generation Artificial Intelligence (科技部關於印發《國家新一代人工智能開放創新平台建設工作指引》的通知), and the Notice by the Ministry of Science and Technology of Issuing the Guidelines for Work to Construct National Pilot Zones for Innovative Development of New-Generation Artificial Intelligence (科技部關於印發《國家新一代人工智能創新發展試驗區建設工作指引》的通知). The market size of RPA solution for financial institutions in China in terms of sales revenue increased from RMB18.8 million in 2015 to RMB314.4 million in 2019, representing a CAGR of 102.2%, and is expected to reach RMB2,712.3 million in 2026, with a CAGR of 36.0% from 2019 to 2026.

The following chart sets forth the historical and forecast market size of the RPA solution for financial institutions in the PRC in terms of sales revenue for the periods indicated.

Market size of the RPA solution for financial institutions in the PRC, 2015-2026E



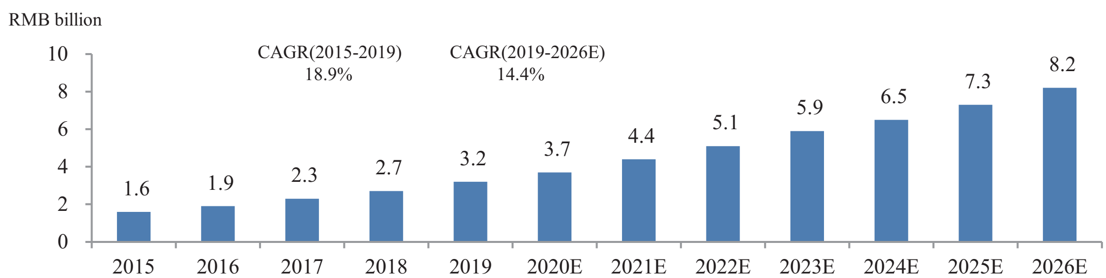
Source: CIC Report

Market Size of Distributed Trading Platform for Financial Institutions in the PRC

Due to the wide application of inclusive finance and internet finance, the massive amount of transactions impose challenges to traditional IT structure of financial institutions. Distributed trading platform is a cutting edge technology which applies cloud computing technology, software defined network and big data analytics. Financial institutions could deploy new business module using distributed trading platform without adding new infrastructure into their existing IT systems. The application of distributed trading platform could easily help financial institutions for emerging needs for their new business and will become the mainstream IT structure for financial institutions in the future.

The following chart sets forth the historical and forecast market size of the distributed trading platform for financial institutions in the PRC in terms of sales revenue for the periods indicated.

Market size of distributed trading platform for financial institutions in the PRC, 2015-2026E



Source: CIC Report

COMPETITIVE LANDSCAPE OF THE FINANCE IT SOLUTION INDUSTRY IN THE PRC

The finance IT solution industry in China is relatively fragmented and competitive with more than 2,500 market participants in 2019. The top five providers of IT solutions for financial institutions had a total market share of 17.3% and we had a market share of 0.13% in the finance IT solution industry in China, in terms of sales revenue in 2019. According to the CIC Report, we are a top 100 provider of IT solutions for financial institutions in China. The top 100 providers of IT solutions for financial institutions in China accounted for approximately 55.0% of the total market share in 2019. Furthermore, the competitive landscape of some of the traditional IT solutions for financial institutions is much more fragmented comparing with innovative IT solutions for financial institutions. For example, there were over 200 market participants providing UnionPay card access and settlement reconciliation system and over 300 market participants providing unified payment platform system in China in 2019.

The following table illustrates the ranking of top five finance IT solution providers in China in terms of sales revenue of finance IT solution in 2019.

Ranking	Company	Sales Revenue (RMB in billion)	Market Share	Listed (Y/N)
1	Company A	4.4	4.6%	Y(SZ.002065)
2	Company B	3.7	3.9%	Y(SH.600570)
3	Company C	3.1	3.3%	Y(SH.603927)
4	Company D	2.9	3.0%	N
5	Company E	2.4	2.5%	Y(SZ.300674)

Source: CIC Report

Competitive Landscape of the Third-Party Over-the-counter Bond Bookkeeping System Industry in the PRC

According to the CIC Report, we are an early mover in the market of over-the-counter bond bookkeeping system, and our over-the-counter bond bookkeeping system was implemented in nine of the 17 banks that engaged third-party providers, with a market share of 52.9%, as of March 31, 2020. As of March 31, 2020, there were four other finance IT solution providers offering the over-the-counter bond bookkeeping system in China, owning market share of 17.6%, 11.8%, 11.8% and 5.9%, respectively, according to the CIC Report.

The following table illustrates the background information and market share of the other third-party providers of the over-the-counter bond bookkeeping system in China as of March 31, 2020.

Company	Principal Business	Scale of Operation	Operating History	Ultimate Controlling Shareholder	Market Share
Company F	Software development and system maintenance services for banks	Revenue in 2019 was RMB345.7 million	Founded in 2011 in Beijing	An individual	17.6%
Company G	Software development and system maintenance services for financial institutions and individual clients	Revenue in 2019 was RMB166.2 million	Founded in 2002 in Hangzhou	An individual	11.8%
Company H	Software development and specialized services for financial institutions, government agencies, large and medium-sized enterprises	Revenue in 2019 was RMB277.3 million	Founded in 2001 in Beijing	An individual	11.8%
Company I	Software development services for all types of financial institutions	No public information	Founded in 1996 in Shanghai	A Government Agency	5.9%

Source: CIC Report and public sources, including annual reports published by the parent companies of the relevant companies.

Competitive Landscape of the RPA Solutions Industry in the PRC

According to the CIC Report, as RPA is a cutting-edge technology applied in finance IT solution industry, currently there is no clear market share and dominant players for RPA solution in China. There were less than 30 RPA solution providers and we were one of less than ten domestic RPA solution providers for financial institutions in China that successfully commercialized RPA solution and generated revenue, as of March 31, 2020, according to the CIC Report.

Competitive Landscape of the BEAI Platform Industry in the PRC

According to the CIC Report, BEAI platform is one of the mainstream solutions for distributed computing in core business system market in finance IT solution industry in China. The core business system market in China was relatively fragmented with more than 200 providers as of March 31, 2020, among which most market players were usually system integrators, according to the CIC Report.

Competitive Landscape of the Distributed Trading Platform Industry in the PRC

According to the CIC Report, as distributed trading platform is a technological architecture with cutting-edge technology and infrastructure which can be applied to various banking operation systems, currently there is no clear market share and dominant players for such platform in China. There were less than 50 providers of distributed trading platform in China and only less than 20 providers could commercialize and generate revenue, as of March 31, 2020, according to the CIC Report.

See "Business — Our Competitive Strengths" for details.

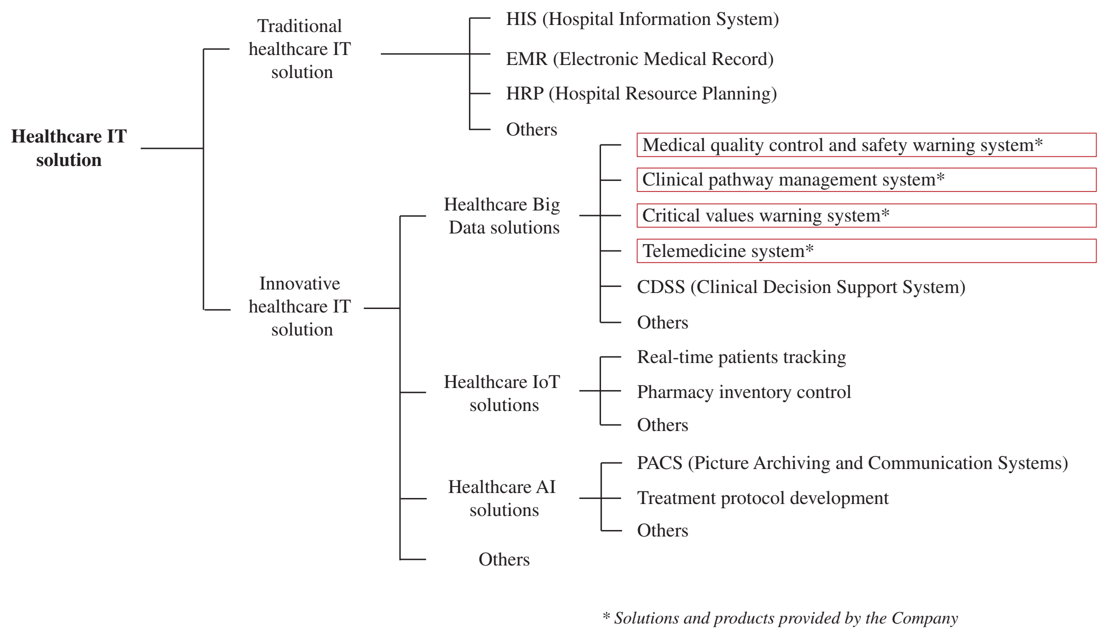
HEALTHCARE IT SOLUTION INDUSTRY IN THE PRC

Definition and Classification of the Healthcare IT Solution Industry

Healthcare IT solution, being another major industry sector under the IT solution industry, refers to the IT solutions, being comprised of software and services, that are adopted by healthcare institutions and professionals to store, share, and analyze healthcare information and data in order to enhance the efficiency and accuracy of healthcare services.

Healthcare IT solution can be categorized into traditional healthcare IT solution, including HIS, EMR, HRP, and innovative healthcare IT solution, where cutting-edge technologies such as big data analytics, IoT, or the Internet of Things, and AI are adopted.

The following diagram illustrates the classification of the healthcare IT solution.



Source: CIC Report

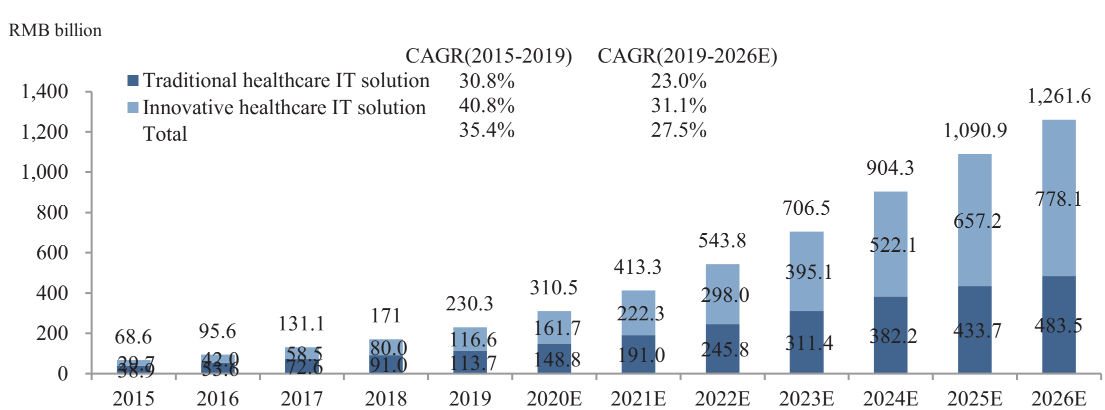
Market Size of the Healthcare IT solution Industry in the PRC

Benefited by favorable government policies, such as the Measures for the Administration of Evaluation Standard of Application Level of EMR (for Trial Implementation), in improving healthcare quality and addressing unbalanced distribution of medical resources in China, the market size of the healthcare IT solution industry in the PRC in terms of sales revenue increased from RMB68.6 billion in 2015, accounting for 5.3% of the market size of the IT solution industry in the same year, to RMB230.3 billion in 2019, accounting for 10.6% of the market size of the IT solution industry in the same year, representing a CAGR of 35.4%. The market is expected to grow to RMB1,261.6 billion in 2026, accounting for 24.3% of the market size of the IT solution industry in the same year, representing a CAGR of 27.5% from 2019 to 2026.

The market size of innovative healthcare IT solution in China in terms of sales revenue experienced double-digit growth from 2015 to 2019, accounting for an increasing market share in the healthcare IT solution industry due to the advancement of innovative technologies, including big data analytics, IoT and AI. The market size of innovative healthcare IT solution in the PRC in terms of sales revenue increased from RMB29.7 billion in 2015 to RMB116.6 billion in 2019, representing a CAGR of 40.8%, and it is expected to grow to RMB778.1 billion in 2026, representing a CAGR of 31.1% from 2019 to 2026.

The following chart sets forth the historical and forecast market size of the healthcare IT solution industry in the PRC in terms of sales revenue for the periods indicated.

Market size of the healthcare IT solution industry in the PRC, 2015-2026E



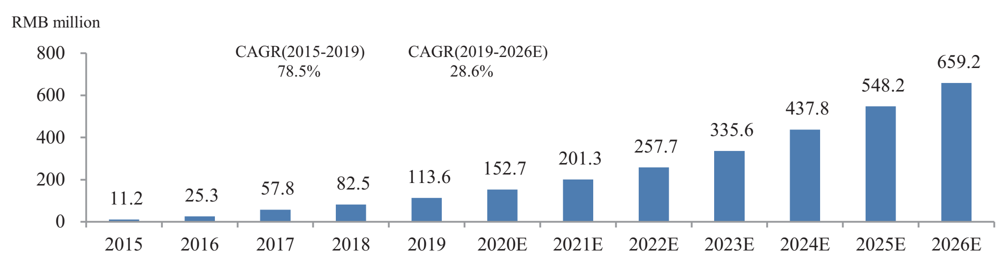
Source: CIC Report

Market Size of Medical Quality Control and Safety Warning System in the PRC

The medical quality has been an important parameter for the evaluation of hospital and getting more attentions. Major healthcare IT solution providers, including leading market players, had dedicated to developing solutions, similar to our healthcare IT solutions, to adopt latest big data technology to analyze the medical quality for healthcare institutions. We developed the medical quality control and safety warning system to integrate all kinds of medical data, conduct statistical analysis and achieve real-time safety early warning. The benefits such system could bring to hospitals include an integrated medical quality supervision and real-time safety early warning analysis platform covering all hospital departments and units which transforms passive post-accident correction to active warning in advance to optimize the process of crisis management of hospitals. It is expected that more hospitals would implement such system and the penetration rate would increase rapidly. It is an industry trend that real-time analytics and early warning would be more and more valued by healthcare institutions due to the following reasons: (1) real-time analytics provide instant feedback on the medical quality which allows healthcare institutions to solve the problem as soon as the problem is detected; (2) early warning system could foresee the potential medical disputes and enable healthcare institutions to avoid; and (3) real-time analytics could continuously allow the system to upgrade its database and increase the accuracy of early-warning. As a result, it is expected that real-time analytics and early warning would be widely adopted by IT solution providers of medical quality control and safety warning system. According to the CIC Report, as of the date of this prospectus, our medical quality control and safety warning system is the only system that enables real-time monitoring of healthcare professionals' behaviors and timely releases warnings once it identifies risks of medical malpractice to optimize the process of crisis management of hospitals, while other healthcare IT solution providers provide similar IT solutions without real-time monitoring functions.

The following chart sets forth the historical and forecast market size of the medical quality control and safety warning system with or without real-time monitoring functions in the PRC in terms of sales revenue for the periods indicated.

Market size of medical quality control and safety warning system in the PRC, 2015-2026E



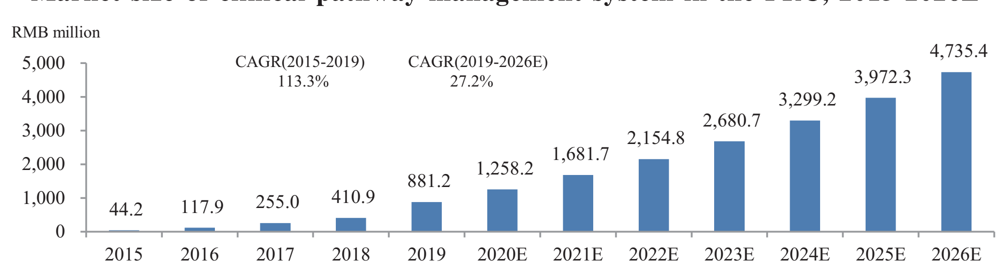
Source: CIC Report

Market Size of Clinical Pathway Management System in the PRC

Clinical pathways are tools used to guide evidence-based healthcare that have been implemented globally. Adopting clinical pathways helps hospitals align patient care and reduce unnecessary variation. These pathways provide a succinct and clinically proven list of treatment options that offer increased value to the healthcare system and the patient through a careful balance of cost sensitivity, treatment toxicity and clinical outcomes. In order to achieve such goals, more hospitals would deploy clinical pathway management systems and the market of clinical pathway management systems would continue to grow. According to the CIC Report, there were approximately 30 to 50 market players in the market of clinical pathway management system in China in 2019.

The following chart sets forth the historical and forecast market size of the clinical pathway management system in the PRC in terms of sales revenue for the periods indicated.

Market size of clinical pathway management system in the PRC, 2015-2026E



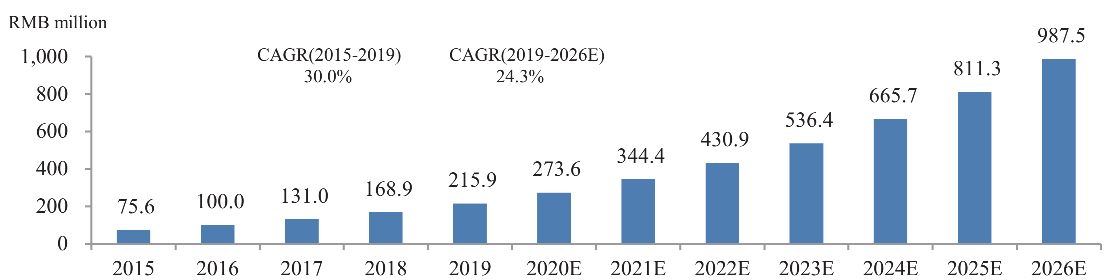
Source: CIC Report

Market Size of Critical Values Warning System in the PRC

Critical values refer to pathophysiological states that are life-threatening unless treatment is done promptly, and for which some corrective action could be taken. Nowadays, LIS has been adopted by most of the healthcare institutions in China, which realize and the importance of critical values monitoring. In order to process the massive data from LIS, critical values system is expected to be deployed in an increasing number of healthcare institutions in China. According to the CIC Report, there were less than 20 market participants in the market of critical values warning system in China in 2019.

The following chart sets forth the historical and forecast market size of the critical values warning system in the PRC in terms of sales revenue for the periods indicated.

Market size of critical values warning system in the PRC, 2015-2026E



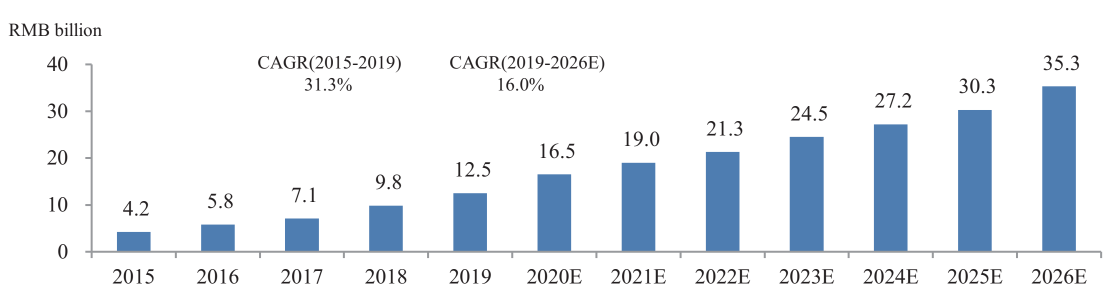
Source: CIC Report

Market Size of Telemedicine System in the PRC

Telemedicine system is one of the most creative and cutting-edge solutions for the healthcare IT solution industry. By adopting telemedicine system, patients would be able to access superior medical resource without visiting hospitals in-person. Such system help to balance the healthcare resource across China where famous hospitals only locate in top-tier cities. Furthermore, patients of mild symptoms may deploy telemedicine system rather than visit hospitals in-person to save medical resources for those with more urgent needs. Such benefits of telemedicine system will drive the demand and more healthcare institutions would deploy telemedicine system in the future. According to the CIC Report, there were over 50 market players in the market of telemedicine system in China in 2019.

The following chart sets forth the historical and forecast market size of the telemedicine system in the PRC in terms of sales revenue for the periods indicated.

Market size of telemedicine system in the PRC, 2015-2026E



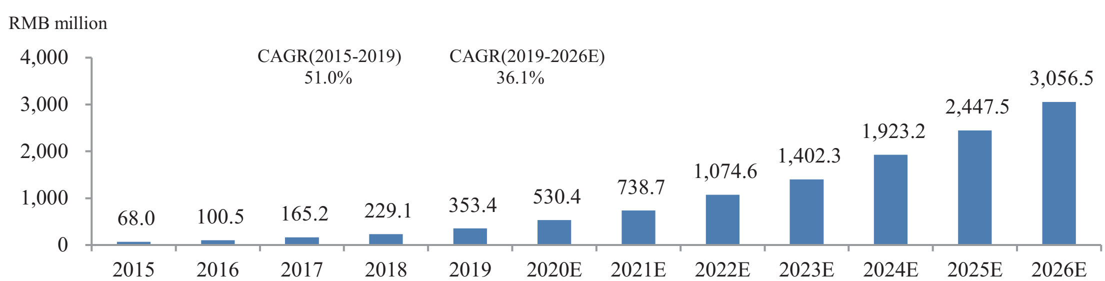
Source: CIC Report

Market Size of Intelligent Healthcare Platform in the PRC

The concept of intelligent healthcare had been introduced for healthcare institutions in China for decades with massive investment among hospitals into IT infrastructure and information systems, including HIS and LIS. With more medical data being digitalized and shared among hospitals, healthcare institutions focus more on data standardization. More healthcare institutions began to employ intelligent healthcare platform to achieve medical data sharing on a group level to facilitate medical research and simplify medical data query and tracking. Such demand would drive the demand of intelligent healthcare platform in China in the future.

The following chart sets forth the historical and forecast market size of the intelligent healthcare platform in the PRC in terms of sales revenue for the periods indicated.

Market size of intelligent healthcare platform in the PRC, 2015-2026E



Source: CIC Report

Market Drivers of the Healthcare IT Solution Industry in the PRC

- ***Increasing number of hospitals and expenditure on healthcare.*** The number of hospitals has been steadily increasing over the past several years along with the development of the overall healthcare industry in China. Meanwhile, government expenditure on healthcare has also increased. The increasing number of healthcare institutions and rising expenditure on healthcare will boost the demand for IT solutions, thus driving the growth of the healthcare IT solution industry in the PRC.

- ***Social needs in improving healthcare quality.*** Responding and tackling pressing social needs in improving healthcare quality and addressing unbalanced distribution of medical resources in China, innovative healthcare IT solutions have great potential as medical quality control and safety warning system, clinical pathway management system and other solutions can help hospitals improve medical quality, lower the risk of medical malpractice and improve operational efficiency.

- ***Development of Internet Data Center (IDC).*** The number of IDC in the PRC kept increasing, while the IDC services industry also developed rapidly. The establishment of IDC and rapid development of the IDC services industry provide fundamental supports for the big data analytics. The healthcare IT solution industry will continue to benefit from the development of IDC services industry in the fields, including safe data storage, stable data collection and efficient data processing.

Future Trends of the Healthcare IT Solution Industry in the PRC

- ***Increasing product specialization.*** The healthcare industry consists of multiple sectors, each with varying needs. With the development of the digitalization and informatization of healthcare institutions, healthcare IT solution providers will produce different types of products to meet various customer demands. Healthcare IT solution providers will focus more on niche markets to provide customers with customized and specialized services and products.

- ***Increasing standardized application.*** Due to the lack of standardized systems, a very small proportion of hospitals in China can achieve data exchange, which makes it difficult to analyze and share large amounts of high-value-added medical data. In the future, a unified standard will be established for healthcare institutions to conduct data sharing. Unified standards will also be introduced to improve the readability and subsequent exchange of medical data.

- ***Growing focus on the patients.*** Along with the informatization of healthcare institutions, the healthcare IT solutions will become more patient-oriented. An increasing number of wearable devices will be produced and utilized to track patient treatment data and improve the quality of medical treatment. Meanwhile, more systems will be developed to enhance the overall hospitalization process of patients.

COMPETITIVE LANDSCAPE OF HEALTHCARE IT SOLUTION INDUSTRY IN THE PRC

The healthcare IT solution industry in China is highly fragmented with the top five solution providers owning a total market share of 3.6% in terms of sales revenue in 2019, among a total of over 3,000 market participants. Our market share in the healthcare IT solution industry in China was 0.006% in 2019. The following table illustrates the ranking of top five healthcare IT solution providers in China in terms of sales revenue of healthcare IT solution in 2019.

Ranking	Company	Sales Revenue (RMB in billion)	Market Share	Listed (Y/N)
1	Company F	1.6	0.9%	Y(SH.600718)
2	Company G	1.5	0.9%	Y(SZ.300253)
3	Company A	1.1	0.6%	Y(SZ.002065)
4	Company H	1.1	0.6%	N
5	Company I	1.1	0.6%	Y(HK.1833)

Source: CIC Report

Competitive Landscape of the Healthcare Big Data Solutions Industry in the PRC

According to the CIC Report, there were hundreds of market participants in the healthcare big data solutions industry in China as of March 31, 2020, most of which were in the early developing stage. We are a provider of healthcare big data solutions in China, with solutions including featured medical quality control and safety warning system with real-time monitoring functions and intelligent analysis of full range of medical data acquired from existing medical databases of hospitals in China.

OVERVIEW

We are an IT solution provider specializing in IT solutions for financial institutions and healthcare institutions.

Our Company was incorporated in the Cayman Islands on November 8, 2019 as the listing vehicle in the Reorganization for the purpose of the Listing. See "— Our Reorganization" for more details.

Prior to the Reorganization, our business was operated through Beijing Newlink, a limited liability company established in August 2011 in the PRC. In December 2016, Mr. Zhai, our Controlling Shareholder, chairman of the Board, executive Director and chief executive officer, acquired all the equity interests in Beijing Newlink and became its sole shareholder. See "Directors and Senior Management" for his biographical details. To support our business development, we also completed several financings. See "— Pre-IPO Investments" for details.

OUR MILESTONES

The following table sets forth major events and milestones in the development of our business:

Timeline	Event
August 2011	Beijing Newlink was established in Beijing, China.
December 2016	Mr. Zhai acquired all equity interest in Beijing Newlink.
March 2018	We launched our RPA solution for financial institutions.
August 2018	We launched our over-the-counter bond bookkeeping system for financial institutions.
November 2018	We launched our medical quality control and safety warning system for healthcare institutions.
June 2019	We launched our distributed trading platform for financial institutions.
November 2019	We launched our clinical pathway management system for healthcare institutions.

OUR CORPORATE DEVELOPMENT

We conduct our business mainly through our Company and Beijing Newlink. The corporate information of these entities as of the Latest Practicable Date are set out below.

Our Company

In preparation for the Listing, our Company was incorporated under the laws of Cayman Islands as an exempted company with limited liability on November 8, 2019 as the listing vehicle, with the authorized share capital of US$50,000 initially divided into 50,000 shares with a par value of US$1.00 each. Upon completion of the Reorganization, our Company became the holding company of our Group with the business conducted through Beijing Newlink, our principal operating subsidiary.

See "— Our Reorganization" for details of the shareholding changes in our Company since its incorporation.

Beijing Newlink

Beijing Newlink is the principal operating subsidiary of our Group during the Track Record Period and up to the date of this prospectus.

Beijing Newlink was established in August 2011 as a limited liability company in the PRC by four individuals, who are Independent Third Parties, with an initial registered capital of RMB4.9 million, which was subsequently increased to RMB5.0 million. From August 2011 to December 2016, Beijing Newlink was primarily engaged in sales of automatic teller machines to banks and provision of related technical support and maintenance services. Prior to the acquisition by Mr. Zhai in December 2016, Beijing Newlink was owned as to 93% by DONG Qinghua (董清華), 6% by CHENG Shujin (程書津) and 1% by SU Yongliang (蘇永亮), all of whom are Independent Third Parties. DONG Qinghua became acquainted with Mr. Zhai in 2014 through the introduction of a friend of Mr. Zhai, who is an Independent Third Party and working in mining industry, on social occasions, and Mr. Zhai became acquainted with his friend through an association of fellow provincials or townsmen around 2005. Mr. Zhai knew CHENG Shujin and SU Yongliang through the introduction of DONG Qinghua in 2016. To the best knowledge of our Directors and save as disclosed above, there is no past or present relationships (business, employment, family, financing or otherwise) between each of DONG Qinghua, CHENG Shujin and SU Yongliang on one hand, and each of the Company and its subsidiaries, their controlling shareholders, directors and senior management, and any of their respective associates on the other hand.

In December 2016, considering that financial institutions in China generally require their potential IT service providers to satisfy qualification requirements, including the experience in provision of services to commercial banks and the minimum number of years of operating history, to be eligible for doing business as their IT service providers, and that Beijing Newlink had over five years of operating history and had established business relationship with certain commercial banks, Mr. Zhai decided to acquire Beijing Newlink and benefit from its established operating history to quickly develop and expand IT solution business without a commercially infeasible waiting period. On December 9, 2016, Mr. Zhai acquired all the equity interests in Beijing Newlink from its then existing shareholders, namely DONG Qinghua, CHENG Shujin and SU Yongliang at a total consideration of RMB5.0 million determined based on arm's length negotiation after taking into consideration of, among others, the existing operating history, established business relationship with commercial banks and the fully-paid registered capital of Beijing Newlink at that time, immediately after the completion of which, Mr. Zhai became the sole shareholder of Beijing Newlink and took over all the management and business operations of Beijing Newlink.

The following table illustrates the changes in the business of Beijing Newlink subsequent to Mr. Zhai's acquisition of its entire equity interests in December 2016.

	Prior to the acquisition	After the acquisition
Business Model	• Engaged in sales of automatic teller machines to banks and provision of related technical support and maintenance services	• Provides software development services, technical and maintenance services and self-developed software products
Revenue Model	• Generated most revenue from hardware sales	• Generates revenue from software development services, technical and maintenance services and software sales, with software development services accounting for a majority portion of revenue
Customer Base	• Regional and local banks	• Top-tier banks, trust companies and asset management companies, healthcare institutions, primarily including Class III Grade A hospitals, and other enterprises
Sales Network	• Only had sales branches in Beijing	• Headquartered in Beijing and established offices in Shanghai, Xi'an and Suzhou, with its sales network covering most parts of China

On March 31, 2017, the registered capital of Beijing Newlink was further increased to RMB50.0 million by way of capital contribution by Mr. Zhai of RMB23.0 million and by Ms. SONG Haoyu (宋昊雨), an Independent Third Party and a financial investor of our Group, of RMB22.0 million, immediately after the completion of which, Beijing Newlink was owned as to 56% by Mr. Zhai and 44% by Ms. SONG Haoyu. Ms. SONG Haoyu was then an individual investor and made her investment in Beijing Newlink with the intention to invest in a business, and later disposed of all her equity interests in Beijing Newlink to pursue graduate education abroad. Ms. SONG Haoyu became acquainted with Mr. Zhai in 2015 through the introduction of a friend of Mr. Zhai, who is an Independent Third Party and working in education and art industries, on social occasions, and Mr. Zhai became acquainted with his friend through social events around 2011. Ms. SONG Haoyu knew Mr. Yuan through Mr. Zhai's introduction in 2017. To the best knowledge of the Directors and save as disclosed above, there is no past or present relationships (business, employment, family, financing or otherwise) between Ms. Song on one hand, and each of the Company and its subsidiaries, their shareholders, directors and senior management, and any of their respective associates on the other hand.

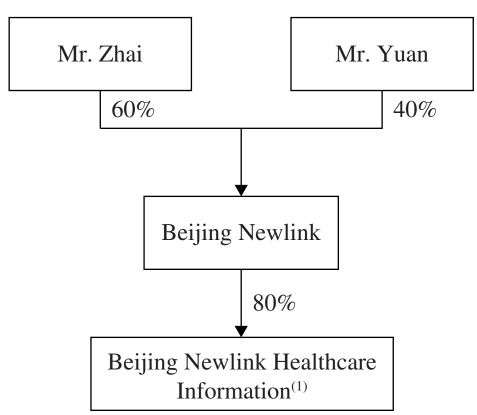
On April 16, 2018, Ms. SONG Haoyu transferred 40% of equity interests in Beijing Newlink to Mr. Yuan at a consideration of RMB20.0 million, and 4% of equity interests in Beijing Newlink to Mr. Zhai at a consideration of RMB2.0 million, immediately following which, Beijing Newlink was owned as to 60% by Mr. Zhai and 40% by Mr. Yuan. The cash consideration paid for each of the above transfers was determined based on then-registered capital of Beijing Newlink. See "— Pre-IPO Investments — Information of the pre-IPO investors" for more information of Mr. Yuan.

On September 11, 2019, the registered capital of Beijing Newlink was further increased from RMB50.0 million to RMB100.0 million by way of capital contribution by Mr. Zhai and Mr. Yuan in proportion to their respective equity percentage in Beijing Newlink.

From November 2019 to January 2020, for the purpose of the Listing, we underwent certain financings and reorganized the corporate structure of Beijing Newlink. See "— Our Reorganization" and "— Pre-IPO Investments" for details.

OUR REORGANIZATION

The following chart sets forth our Group structure immediately prior to the Reorganization:



Note:

(1) The remaining equity interests in Beijing Newlink Healthcare Information were owned as to 10% by Mr. Zhai and 10% by Ms. LIU Jin (劉謹), an Independent Third Party.

In anticipation of the Listing, we underwent the following steps of Reorganization to restructure our corporate structure.

Step 1: Offshore corporate restructuring

On November 8, 2019, our Company was incorporated as an exempted company with limited liability in the Cayman Islands as an offshore holding company and the listing vehicle, with an authorized share capital of US$50,000, which was initially divided into 50,000 shares with a par value of US$1.00 each. On the same date, one fully paid share of our Company with a par value of US$1.00 was transferred from the incorporator, an Independent Third Party, to Nebula SC, an offshore holding company wholly-owned by Mr. Zhai, and 299 and 200 shares of our Company with a par value of US$1.00 each were issued to Nebula SC and Earnest Kai, an offshore holding company wholly-owned by Mr. Yuan, respectively, at nominal consideration of US$1.00 per share, to reflect Mr. Zhai and Mr. Yuan's respective equity interests in Beijing Newlink.

Newlink BVI was incorporated under the laws of the BVI with limited liability on November 18, 2019 and is wholly-owned by our Company.

Newlink HK was incorporated under the laws of Hong Kong with limited liability on December 2, 2019 and is wholly-owned by Newlink BVI.

Step 2: Onshore corporate restructuring

Beijing Newlink and WFOE

Beijing Newlink is our principal operation subsidiary, which is focusing on providing software development services, technical and maintenance services and self-developed software products. On November 25, 2019, the registered capital of Beijing Newlink was increased from RMB100,000,000 to RMB101,010,101 by way of cash contribution by Ms. BAI Hong (柏紅) of RMB1,010,101, immediately after the completion of which, Beijing Newlink was owned as to 59.40% by Mr. Zhai, 39.60% by Mr. Yuan and 1.00% by Ms. BAI Hong.

On December 24, 2019, the registered capital of Beijing Newlink was further increased to RMB102,030,405 by way of cash contribution by Ms. WONG Shumin (黃舒敏) of RMB1,020,304, immediately after the completion of which, Beijing Newlink was owned as to 58.81% by Mr. Zhai, 39.20% by Mr. Yuan, 0.99% by Ms. BAI Hong and 1.00% by Ms. WONG Shumin, and became a Sino-foreign equity joint venture company. See "— Pre-IPO Investments — Information of the pre-IPO investors" for more information of Ms. BAI Hong and Ms. WONG Shumin.

On December 19, 2019, our WFOE was established under the laws of the PRC as a wholly-foreign owned entity and is wholly-owned by Newlink HK.

On December 30, 2019, as part of the Reorganization to make our Company as the ultimate holding company of Beijing Newlink, our WFOE entered into agreements to acquire 100% of the equity interests in Beijing Newlink from Mr. Zhai, Mr. Yuan, Ms. BAI Hong and Ms. WONG Shumin at a total consideration of RMB73,539,404, which was determined with reference to net assets of Beijing Newlink as of March 31, 2019 determined in a valuation report prepared by an independent external appraiser and the paid-in registered capital of Beijing Newlink. The valuation report was prepared based on the asset-based method, and the then net assets of Beijing Newlink primarily included (i) current assets of RMB94.5 million, mainly comprising of trade receivables of RMB77.8 million and contract assets of RMB12.2 million, (ii) non-current assets of RMB15.4 million and (iii) current liabilities of RMB37.5 million. Therefore, Beijing Newlink became a wholly-owned subsidiary of our WFOE after completion of such transfers.

Beijing Newlink Healthcare Information

On November 19, 2019, Mr. Zhai transferred all of his 10% equity interests in Beijing Newlink Healthcare Information and his obligation to pay the registered capital in Beijing Newlink Healthcare Information in the amount of RMB3,000,000 to Beijing Newlink, immediately after completion of which, Beijing Newlink Healthcare Information was owned as to 90% by Beijing Newlink and 10% by Ms. LIU Jin (劉謹), an Independent Third Party.

Step 3: Financing and Share Subdivision

In November 2019, each of Ms. BAI Hong, Mr. WANG Weibin (王偉斌), Ms. WONG Shumin and Mr. PAU Hung To (鮑洪濤) entered into an investment framework agreement with Beijing Newlink and its shareholders, pursuant to which, Ms. BAI Hong, Mr. WANG Weibin, Ms. WONG Shumin and Mr. PAU Hung To agreed to invest in our Company by subscription of the shares of our Company through their respective investment vehicles, and such shares were issued to the aforementioned pre-IPO investors on December 30, 2019 (the "**Share Issuance**"). The following table sets forth the consideration of the subscriptions and the shareholding percentages upon completion of the financing.

No.	Name of Pre-IPO investor	Name of beneficial owner	Consideration	Shareholding in our Company upon completion of the financing
			(RMB in million)	
1.	Silver Cooperation RP Info Consulting Co., Ltd ("**Silver Cooperation**")	Ms. BAI Hong	40	5.0%
2.	Tampu Technology Limited ("**Tampu Technology**")	Mr. WANG Weibin	16	2.0%
3.	Charlie Waffle Holdings Limited ("**Charlie Waffle**")	Ms. WONG Shumin	8	1.0%
4.	Well Fancy Development Ltd. ("**Well Fancy**")	Mr. PAU Hung To	8	1.0%

On the same day of the Share Issuance, in anticipation of the Listing, each of our issued and unissued shares with a par value of US$1.00 was subdivided into 1,000,000 shares of our Company with a par value of US$0.000001 each (the "**Share Subdivision**"), after which, the authorized share capital of our Company was US$50,000 divided into 50,000,000,000 Shares with par value of US$0.000001 each.

The following table sets forth our shareholding structure immediately after the Share Issuance and the Share Subdivision.

Name of Shareholders	Number of Shares	Percentage of Shareholding
Nebula SC	300,000,000	54.6%
Earnest Kai	200,000,000	36.4%
Silver Cooperation	27,472,500	5.0%
Tampu Technology	10,989,000	2.0%
Charlie Waffle	5,494,500	1.0%
Well Fancy	5,494,500	1.0%
Total	**549,450,500**	**100.0%**

Step 4: Capitalization Issue

On December 30, 2019 and immediately after the Share Issuance and the Share Subdivision, our Company allotted and issued a total of additional 50,549,500 Shares standing to the credit of the capital reserve account of our Company by applying such sum in paying up in full at par for allotment and issue to the persons whose names appear on the register of members of our Company immediately after the Share Issuance and the Share Subdivision in proportion to their respective shareholdings in our Company, and the Shares allotted and issued rank *pari passu* in all respects with the existing issued Shares.

Upon the completion of the Reorganization and immediately prior to the Global Offering, our shareholding structure is set out as below.

Name of Shareholders	Number of Shares	Percentage of Shareholding
Nebula SC	327,600,000	54.6%
Earnest Kai	218,400,000	36.4%
Silver Cooperation	30,000,000	5.0%
Tampu Technology	12,000,000	2.0%
Charlie Waffle	6,000,000	1.0%
Well Fancy	6,000,000	1.0%
Total	**600,000,000**	**100.0%**

Our PRC Legal Advisors confirmed that all necessary approvals, permits and licenses required under PRC laws and regulations in connection with the Reorganization have been obtained, and the Reorganization has complied with all applicable PRC laws and regulations in all material respects.

SHARE INCENTIVE SCHEME

Our Shareholders have conditionally approved and adopted the Post-IPO Share Option Scheme on December 5, 2020, which will become effective upon (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares to be issued upon exercise of the options that may be granted pursuant to the Post-IPO Share Option Scheme, and (2) the commencement of trading of the Shares on the Stock Exchange.

As of the Latest Practicable Date, no option has been granted by us pursuant to the Post-IPO Share Option Scheme. The maximum number of Shares that may be issued upon exercise of the options that may be granted under the Post-IPO Share Option Scheme shall not exceed 10% of our enlarged share capital immediately upon completion of the Global Offering (assuming no exercise of the Over-allotment Option and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option). See "Appendix IV — Statutory and General Information — D. Post-IPO Share Option Scheme" for details.

PRE-IPO INVESTMENTS

Our Company underwent the following Pre-IPO financings (the "**Pre-IPO Investments**") after December 2016 when Mr. Zhai became the sole shareholder of Beijing Newlink.

Particulars of the Pre-IPO Investments

	Mr. Yuan	Silver Cooperation	Tampu Technology	Charlie Waffle	Well Fancy
Date of the agreement	(1) For acquisition of equity interests: April 16, 2018; (2) For increase of registered capital: September 3, 2019	November 18, 2019 (as amended on December 2, 2019)	November 29, 2019 (as amended on December 2, 2019)	November 29, 2019 (as amended on December 2, 2019)	November 29, 2019 (as amended on December 2, 2019)

	Mr. Yuan	Silver Cooperation	Tampu Technology	Charlie Waffle	Well Fancy
Total consideration paid	(1) For acquisition of equity interests: RMB20,000,000; (2) For increase of registered capital: RMB20,000,000	RMB40,000,000	RMB16,000,000	RMB8,000,000	RMB8,000,000
Date of settlement of payment	(1) For acquisition of equity interests: October 24, 2019; (2) For increase of registered capital: January 10, 2020	January 3, 2020	December 31, 2019	January 16, 2020	January 9, 2020
Post-money valuation of the Company after the investment	(1) For acquisition of equity interests: RMB50,000,000; (2) For increase of registered capital: RMB100,000,000	RMB800,000,000	RMB800,000,000	RMB800,000,000	RMB800,000,000
Cost per Share paid[(1)]	RMB0.18	RMB1.33	RMB1.33	RMB1.33	RMB1.33
Discount to the Offer Price[(2)]	94.25%	57.51%	57.51%	57.51%	57.51%
Shareholding in the Company immediately upon Listing[(3)]	27.30%	3.75%	1.50%	0.75%	0.75%

Lock-Up Period . . . . There will be no lock-up restrictions on the Shares held by our pre-IPO investors after the completion of the Listing, except that Mr. Yuan will be subject to the mandatory transfer restrictions under the Listing Rules. See "Underwriting" section in this prospectus for details.

Use of proceeds . . . . Except for the amount of RMB20 million paid by Mr. Yuan to Ms. SONG Haoyu for the acquisition of equity interests in Beijing Newlink, all the proceeds from the Pre-IPO Investments were applied for the corporate restructuring and business operation of our Group. As of the Latest Practicable Date, all the proceeds from the Pre-IPO Investments have been utilized.

Special Rights of the pre-IPO investors . . . . The pre-IPO investors other than Mr. Yuan have the right to require Mr. Zhai and Mr. Yuan to purchase their Shares at the same amount of consideration paid (plus accrued interest) by such pre-IPO investors in the Pre-IPO Investments if the Listing is terminated or lapses. Such redemption rights will be automatically terminated upon the Listing. As the pre-IPO investors other than Mr. Yuan had effectively acquired the equity interests in Beijing Newlink from Mr. Zhai and Mr. Yuan pursuant to the Reorganization, and after arm's length commercial negotiations, it was agreed that, if the Listing is terminated or lapses, each of Mr. Zhai and Mr. Yuan agrees to repurchase Shares from such pre-IPO investors in such amount of money (contributed by the other pre-IPO investors) they received in proportion to their shareholding during the Reorganization plus accrued interest to restore the previous shareholding in Beijing Newlink. Except for the above, there are no other special rights as stipulated under the Guidance Letter HKEX-GL29-12, the Guidance Letter HKEX-GL43-12 and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange as of the Latest Practicable Date.

Notes:

(1) Cost per Share paid represents the total consideration paid divided by the number of Shares held by the respective pre-IPO investor immediately prior to the Global Offering.

(2) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK$3.71 per Share, being the mid-point of the indicative Offer Price range of HK$3.06 to HK$4.36 per Share, and that the Over-allotment Option is not exercised.

(3) The shareholding percentage is calculated based on the assumption that the Over-allotment Option is not exercised and no option to be granted under the Post-IPO Share Option Scheme is exercised.

The consideration for each of the Pre-IPO Investments was determined based on arm's length negotiation between our Company and the pre-IPO investors after taking into consideration of, among others, the timing of investments, the status of our business of our Group, and the business resources, opportunities and benefits that the pre-IPO investors could bring to our Company. In particular, the consideration contributed by Mr. Yuan was made at an early stage of our business development and was determined based on the registered capital of Beijing Newlink, our primary operating entity, and the consideration for each of the other Pre-IPO Investments was determined based on the valuation at agreed price-to-earnings multiple of our Group at the time of such investments.

Information of the pre-IPO investors

The following sets forth information of the pre-IPO investors.

Mr. Yuan and Earnest Kai

As of the Latest Practicable Date, Mr. Yuan (being one of the controlling shareholders of our Company prior to the Listing) held equity interests in our Company through Earnest Kai, which is a company incorporated in the BVI with limited liability as an investment vehicle and wholly owned by Mr. Yuan, who became acquainted with Mr. Zhai through IBM's annual dealer meeting in 1995. Mr. Yuan previously worked in companies in the information technology and software development industry for over 20 years, including PTC China (as defined below) from February 1996 to September 2011 as a sales executive and BMC Software (China) Co., Ltd. (博思軟件(中國)有限公司) ("**BMC China**") from 2012 to 2016 as the general manager of China, and started and focused on financial investment since 2016 with an intention to be in a quasi retirement status. Based on his in-depth understanding of the industry, recognition of our business development and prospects and knowledge of Mr. Zhai's experience and capability in such industry, Mr. Yuan made his investment in our Group in April 2018 to diversify his investment portfolio, receive dividends (if any) as a shareholder and realize capital gains if there is a suitable opportunity. Although Mr. Yuan does not make frequent equity investment, his investment in our Group, which is his only direct private market investment in a company as a pre-IPO investor, is a rational investment based on the foregoing and constitutes a reasonable portion of his net worth. Besides his investment in our Group, Mr. Yuan has an investment in a private equity fund, and holds wealth management products and a number of properties for investment purposes with an aggregate market value of more than RMB100.0 million as of the Latest Practicable Date. Mr. Yuan accumulated his personal wealth through employee compensation and his investment in real estate market, as he worked for multinational corporations for approximately 20 years with a decent salary, bonus and share-based compensation and began to invest in real estate using his money from salary income when China's real estate just started to develop 20 years ago.

In respect of the relationship between Mr. Zhai and Mr. Yuan, including (a) Mr. Yuan's acquaintance with Mr. Zhai, (b) reasons for Mr. Yuan's investment in the Group, and (c) Mr. Yuan's accumulation of personal wealth, the Sole sponsor conducted due diligence work set out as follows:

(i) Conducted due diligence interviews with Mr. Zhai and Mr. Yuan in February 2020, June 2020, August 2020 and November 2020 to understand the above mentioned facts;

(ii) Obtained written confirmation from Mr. Zhai in relation to his acquaintance with Mr. Yuan and his prior relationship with Mr. Yuan;

(iii) Obtained written confirmation from Mr. Yuan in relation to (a) his acquaintance with Mr. Zhai; (b) his financial resources in relation to his investment in the Group; (c) his prior relationship with Mr. Zhai; (d) his plan in relation to his investment in the Group; and (e) his prior investment;

(iv) Obtained Mr. Yuan's property investment profile and statement of his investment portfolio in ascertaining his financial resources;

(v) Obtained Mr. Yuan's certificate of individual income tax payment to understand his accumulation of personal wealth; and

(vi) Engaged an independent third party agent to conduct background search on Mr. Yuan in February 2020, June 2020 and August 2020, to ascertain, including but not limited to, his directorships, shareholdings in companies, work experience and personal wealth status.

Having conducted the above mentioned due diligence, the Sole Sponsor is not aware of any unreasonable facts regarding the relationship between Mr. Zhai and Mr. Yuan or Mr. Yuan's investment in the Group.

Immediately upon completion of the Global Offering (assuming no exercise of the Over-allotment Option and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), Nebula SC and Earnest Kai will each own more than 20% of the issued share capital of our Company, and therefore Nebula SC and Earnest Kai will be presumed to be acting in concert under Class (1) presumption in the definition of "acting in concert" of the Takeovers Code as "associated companies" of our Company under the Takeovers Code. Notwithstanding above, as a matter of fact, Mr. Zhai and Mr. Yuan expressly disclaim acting in concert relationship between Nebula SC and Earnest Kai given that Mr. Yuan is only a financial investor of our Company with no intention to acquire or consolidate control of our Company. Mr. Zhai and Mr. Yuan, did not, and do not have any agreement or understanding with each other for actively cooperating to obtain or consolidate control in our Company and have been acting independently of each other since their respective investment in Beijing Newlink. In addition, there is no family relationship between Mr. Zhai and Mr. Yuan.

Incident involving Mr. Yuan

Mr. Yuan was a former employee of Parametric Technology (Hong Kong) Ltd. and Parametric Technology (Shanghai) Software Co., Ltd. (collectively, "**PTC China**"), which engages in software development, production and sales, from February 1996 to September 2011 as a sales executive. Mr. Yuan was primarily responsible for sales, marketing and administration during his tenure with such companies. The two entities are subsidiaries of PTC Inc. ("**PTC**"), a Massachusetts corporation listed on the NASDAQ Global Select Market. PTC is a global software and services company that designs, manufactures, and sells software and maintains operations in the Americas, Europe, and Asia Pacific. In connection with an investigation by the U.S. Securities and Exchange Commission (the "**SEC**") on PTC in 2013, the SEC alleged that Mr. Yuan caused violation of sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934 by causing PTC to:

(1) fail to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of its assets; and

(2) fail to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurance that transactions (i) were executed in accordance with management's general or specific authorisation and (ii) were recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets.

The SEC suggested that, from 2006 to 2011, PTC China provided, through business partners, items of value to employees and officers of Chinese state-owned entities ("**SOEs**"), where such SOEs were customers of PTC. The items of value were made to obtain or retain business from the SOEs and were provided by way of (1) payment to third party agents which were then used to pay for non-business related foreign travel for employees and officers of SOEs; and (2) allowing its sales staff to provide employees and officers of SOEs with gifts and excessive entertainment.

According to the SEC's order instituting a settled administrative proceeding against PTC in February 2016, from at least 2006 to 2011, PTC China had, among others, provided improper travel, gifts, and entertainment totaling nearly US$1.5 million to Chinese government officials who were employed by SOEs that were PTC customers. PTC gained approximately US$11.8 million in profits from sales contracts with SOEs whose officials received the improper payments. In a non-prosecution agreement entered into between the U.S. Department of Justice and PTC China (the "**Non-prosecution Agreement**") in February 2016, PTC China had admitted, accepted and acknowledged that it is responsible under the United States law for the acts of its officers, directors, employees and agents in relation to the abovementioned conducts set forth in the Non-prosecution Agreement, and PTC agreed to pay US$11.858 million in disgorgement and US$1.764 million in prejudgment interest to settle the SEC's charges and PTC China agreed to pay a US$14.54 million fine.

While we have seen no evidence of Mr. Yuan being involved in the allegations made by the SEC against PTC China, Mr. Yuan was a sales executive at PTC China from 1996 to 2011 and participated in the daily normal operation of sales at PTC China, supervising the daily normal work performed by ordinary sales staff in China. When received the subpoena by the SEC to testify regarding SEC's non-public, fact finding inquiry into PTC, to cooperate fully and truthfully in good faith, on a "without admitting or denying these allegations" basis, Mr. Yuan and the Division of Enforcement of the SEC entered into a deferred prosecution agreement in December 2015 (the "**Deferred Prosecution Agreement**"). Pursuant to the Deferred Prosecution Agreement, Mr. Yuan had agreed to, including but not limited to, cooperate fully and truthfully in the investigation of the allegations and any other related enforcement litigation or proceedings to which the SEC is a party for a term of three years. The principal terms of the Deferred Prosecution Agreement include:

- ***Duration***. The provisions of the Deferred Prosecution Agreement are in full force and effect from February 16, 2016 to February 15, 2019 (the "**Deferred Period**").

- ***Parties***. Mr. Yuan; Mr. Yuan's legal counsel; Division of Enforcement of the SEC.

- ***Cooperation***. Mr. Yuan agrees to cooperate fully and truthfully in the investigation and any other related enforcement litigation or proceedings to which the SEC is a party or other official investigation or proceedings when directed by the staff of the SEC, regardless of the time period in which the cooperation is required. The full, truthful, and continuing cooperation of Mr. Yuan shall include, but not limited to: (a) producing all non-privileged documents and other materials to the SEC as requested, wherever located, in the possession, custody, or control of Mr. Yuan; (b) appearing for interviews, at such times and places, as requested by the staff of the SEC; (c) responding fully and truthfully to all inquiries, when requested to do so by the staff of the SEC, in connection with the proceedings; (d) testifying at trial and other judicial proceedings, when requested to do so by the staff of the SEC, in connection with the proceedings; (e) accepting service by mail or facsimile transmission of notices or subpoenas for documents or testimony at depositions, hearings, trials or in connection with the proceedings; (f) appointing his undersigned attorney as agent to receive service of such notices and subpoenas; (g) waiving the territorial limits on service contained in applicable federal or local rules, when requested to appear by the staff of the SEC; and (h) entering into tolling agreements, when requested to do so by the staff of the SEC, during the period of cooperation.

- ***Compliance with the agreement***. Subject to full, truthful, and continuing cooperation of Mr. Yuan, and compliance by Mr. Yuan with all obligations, prohibitions and undertakings in the Deferred Prosecution Agreement during the Deferred Period, the SEC agrees not to bring any enforcement action or proceeding against Mr. Yuan arising from the investigation, after the conclusion of the Deferred Period.

- ***Prohibitions***. During the Deferred Period, Mr. Yuan agrees to (a) refrain from violating the federal and state securities laws; and (b) refrain from violating the applicable rules promulgated by any self-regulatory organization or professional licensing board.

- *View of Sher Tremonte LLP in respect of the Incident*

The Company has engaged Sher Tremonte LLP ("**Sher Tremonte**"), a U.S. law firm with relevant expertise that is qualified to opine on the Incident (as defined below), to provide an opinion as to (1) the likelihood of the SEC to further pursue enforcement action or proceeding in the United States against Mr. Yuan relating to the conduct described in the Deferred Prosecution Agreement (the "**Incident**"), and (2) the likelihood of the SEC to pursue any enforcement action or proceeding in the United States against the Company relating to the Incident.

Having reviewed the Deferred Prosecution Agreement and the Non-prosecution Agreement, certain correspondence between Mr. Yuan's counsel and the Company confirming Mr. Yuan's full compliance with the terms of the Deferred Prosecution Agreement and the absence of any adverse SEC action relating to Mr. Yuan during or since the expiration of the Deferred Period, having conducted a review of publicly-available information concerning the SEC investigation that gave rise to the Deferred Prosecution Agreement, and relying upon factual representations made by the Company's Directors, Sher Tremonte has formed the view that:

(1) as a general matter, the SEC or the Department of Justice enters into deferred prosecution or non-prosecution agreements with entities and individuals with the goal of strengthening its enforcement program by, among other things, encouraging greater cooperation from individuals and companies in the agency's investigations and enforcement actions. Neither a deferred prosecution agreement nor a non-prosecution agreement constitutes a conviction of a crime or an admission of civil liability under U.S. law;

(2) Mr. Yuan and the SEC entered into the Deferred Prosecution Agreement on the express understanding that Mr. Yuan was not required to admit to engaging in any violation of the U.S. securities laws, including and without limitation to sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934. Accordingly, the Deferred Prosecution Agreement expressly incorporates language indicating that Mr. Yuan entered into the agreement "without admitting or denying" the allegations set forth therein. All of the SEC's allegations against Mr. Yuan are included in the Deferred Prosecution Agreement, as follows, "Yu Kai Yuan ('**Respondent**'), a former employee of Parametric Technology (Shanghai) Software Co., Ltd. and Parametric Technology (Hong Kong) Ltd., from at least 2006 through 2011, caused violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934 ('**Exchange Act**'), by causing the company to (a) fail to make and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of its assets, and (b) fail to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions (i) were executed in accordance with management's general or specific authorization and (ii) were recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets ('**Investigation**')." Sher Tremonte is not aware of any other allegations by the SEC against Mr. Yuan in connection with the Incident, and Sher Tremonte is not aware of any other conduct beyond the allegations in the Deferred Prosecution Agreement. The Non-Prosecution Agreement against PTC China does not contain any allegations against Mr. Yuan personally. Neither the Deferred Prosecution Agreement nor the Non-prosecution Agreement includes specific evidence implicating Mr. Yuan in the allegations of misconduct against PTC China;

(3) by operation of the express terms of the Deferred Prosecution Agreement, of which the Deferred Period expired on February 15, 2019, the SEC will not bring any enforcement action or proceeding against Mr. Yuan arising from such investigation after that date;

(4) by written communication dated February 18, 2020, Mr. Yuan's U.S. counsel in respect of the Incident advised that Mr. Yuan had attested that he had fully complied with all the terms of the Deferred Prosecution Agreement and that the SEC had accepted Mr. Yuan's attestation. In that same written communication, Mr. Yuan's U.S. counsel also represented that the SEC had not communicated with Mr. Yuan in connection with the Deferred Prosecution Agreement as of February 18, 2020. A review of publicly-available information concerning the investigation that gave rise to the Deferred Prosecution Agreement found no indication that such investigation is active as to Mr. Yuan;

(5) for these reasons, Sher Tremonte is of the opinion that it is very unlikely that the SEC will further investigate Mr. Yuan or seek to hold him responsible for violations of the U.S. securities laws arising from the allegations set forth in the Deferred Prosecution Agreement or the allegations set forth in the Non-prosecution Agreement against PTC China, including and without limitation to violations of sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934;

(6) under the relevant provisions in the Deferred Prosecution Agreement, Mr. Yuan is prohibited from making any public statement that contradicts, in whole or in part, any aspect of the Deferred Prosecution Agreement, and therefore any statement by Mr. Yuan admitting or denying the allegations in the Deferred Prosecution Agreement could constitute a breach of that agreement, which could expose Mr. Yuan to potential civil liability to the SEC in connection with the Deferred Prosecution Agreement. The phrase "public statement," as used in the Deferred Prosecution Agreement, means any statement by Mr. Yuan except statements he makes to the SEC in accordance with the terms of the Deferred Prosecution Agreement and any communications Mr. Yuan has with his legal counsel for the purpose of seeking legal advice; and

(7) furthermore, based upon the Company's and its Directors' representations, including without limitation that none of the members of the Group and its Directors and senior management had any involvement in the Incident, Sher Tremonte is of the opinion that it is very unlikely that the SEC would seek any investigation into the Group or its Directors and senior management for violations of the U.S. securities laws arising from the allegations set forth in the Deferred Prosecution Agreement or the allegations set forth in the Non-prosecution Agreement against PTC China, including without limitation violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934.

In arriving at its above-stated opinion, Sher Tremonte has reviewed and relied upon the following information and representations:

(1) the Deferred Prosecution Agreement and the Non-prosecution Agreement;

(2) certain correspondence from Mr. Yuan's legal counsel, dated February 18, 2020;

(3) publicly-available information regarding the Deferred Prosecution Agreement, the Incident and the investigation that gave rise to the Deferred Prosecution Agreement; and

(4) representations by the Company and its Directors that none of the members of the Group, the Directors or senior management was involved in any way in the Incident.

• *View of the Directors in respect of the Incident*

Our Directors confirm that, after taking reasonable enquiries, (1) Mr. Yuan has not received any notice from the SEC alleging that he breached the Deferred Prosecution Agreement; and (2) the SEC has indicated that such investigation is completed, and has accepted Mr. Yuan's attestation that he had complied with all terms of the settlement with the SEC. Therefore, by operation of the Deferred Prosecution Agreement, the SEC will not bring any enforcement action or proceeding against Mr. Yuan arising from such investigation after the Deferred Period. Our Directors further confirm that, after taking reasonable enquiries, Mr. Yuan is not involved in (1) any other investigation or proceeding against him involving fraud, dishonesty or corruption; and (2) any disqualification order or prohibition of a similar effect that precludes him from acting as a director or senior management of a listed company.

Our Directors further confirm and undertake that (1) the Group has not conducted and will not conduct any business transactions with PTC or PTC China or their associates; (2) save as Mr. Yuan's investment in the Group, there is no family or business relationship between Mr. Yuan on one hand, and each of Mr. Zhai and the other Shareholders, Directors and senior management of the Group, and any of their respective associates on the other hand; and (3) although we benefited from the capital contributed by Mr. Yuan and utilized such funds in our business development, none of the customers or suppliers of the Group during the Track Record Period and as of the date of this prospectus was introduced by Mr. Yuan or any of Mr. Yuan's associates. Moreover, Mr. Yuan further confirmed that he had never gained any economic interest from the Incident.

Accordingly, our Directors concur with the view of Sher Tremonte and are of the view that the Incident would not have any material adverse impact on the business operation and financial performance of our Group.

• *View of the Sole Sponsor in respect of the Incident*

As set out in the paragraphs under the heading "View of Sher Tremonte LLP in respect of the Incident" above, the Deferred Prosecution Agreement explicitly sets out that Mr. Yuan is prohibited from making any public statement that contradicts, in whole or in part, any aspect of the Deferred Prosecution Agreement, and therefore any statement by Mr. Yuan admitting or denying the allegations in the Deferred Prosecution Agreement could constitute a breach of that agreement, which could expose Mr. Yuan to potential civil liability to the SEC in connection of the Deferred Prosecution Agreement. Accordingly, Mr. Yuan is unable to admit or deny the allegations in the Deferred Prosecution Agreement without being exposed to the risk of breaching the terms of the Deferred Prosecution Agreement. However, other than such limitation, Mr. Yuan has fully assisted the Sole Sponsor to perform its due diligence work to the extent that does not contradict the terms of the Deferred Prosecution Agreement and disclosed the facts and circumstances (see details below) subsisting in connection with the Deferred Prosecution Agreement. The Sole Sponsor has further independently enquired with the legal department of PTC China, which however declined to comment on the Incident. Having considered the above, the Sole Sponsor believes that it has conducted extensive and all reasonable due diligence work available in respect of the Incident as set forth below:

(1) Conducted due diligence interview with Mr. Yuan in February 2020 and June 2020 and the legal representative of Mr. Yuan in February 2020 to understand, including but not limited to (i) the background and circumstances leading to the Incident, (ii) the investigation conducted by the SEC and the conclusion, (iii) the impact of the Incident on Mr. Yuan and the Company, (iv) Mr. Yuan's compliance with the terms of the Deferred Prosecution Agreement; and obtained a written confirmation from Mr. Yuan that he had never gained any economic interest from the Incident. The statement by Mr. Yuan to the Sole Sponsor during such due diligence does not contradict any aspect of the Deferred Prosecution Agreement;

(2) Engaged an independent third party agent to conduct background search on Mr. Yuan in February 2020, June 2020 and August 2020 respectively, to ascertain, including but not limited to, his directorships, shareholdings in companies, work experience and negative news. It was noted that, save and except for the information in relation to the Incident, there were no other negative news which the Sole Sponsor would like to raise to the Stock Exchange. In addition, pursuant to the results of the litigation search, Mr. Yuan was not subject to any litigation or proceedings in the U.S., the PRC, Hong Kong or other jurisdictions as of August 25, 2020;

(3) Obtained a formal certification from the public security bureau of Beijing in December 2019 confirming the absence of any prior criminal record with respect to Mr. Yuan; as advised by our PRC Legal Advisors, such public security bureau is a competent authority that provides inquiries services about Chinese citizens' criminal information in China and issues written certifications based on applicants' inquiries;

(4) Reviewed documents in relation to the Incident, including but not limited to, the Deferred Prosecution Agreement, the Non-prosecution Agreement and certain correspondence from Mr. Yuan's legal counsel;

(5) Independently conducted due diligence interviews with two of Mr. Yuan's former colleagues, who used to work at PTC China from 2003 to 2015 and 1997 to 2016 respectively, with last position as a director of global service department and a director of technology department respectively, in August 2020. Mr. Yuan worked closely with these two former colleagues for over ten years and such period covered the time of the Incident, accordingly they should have reasonable sense and awareness of Mr. Yuan's honesty and integrity to a certain extent. Such former colleagues' opinions on Mr. Yuan and the Incident is helpful for the Sole Sponsor in forming the view independently. During the interview, the interviewees confirmed that they had worked with Mr. Yuan during his tenure with PTC China, however, they are not aware of Mr. Yuan's breach of any applicable laws and regulations or Mr. Yuan's misconduct involving dishonesty or fraud;

(6) Independently conducted due diligence interview in August 2020 with a former colleague of Mr. Yuan, who used to work at BMC China from 2012 to 2013 as a product manager together with Mr. Yuan. Mr. Yuan has been working with this interviewee who should have reasonable sense and awareness of Mr. Yuan's honesty and integrity to a certain extent, and such interviewee's opinion on Mr. Yuan and the Incident is helpful for the Sole Sponsor in forming the view independently. During the interview, the interviewee confirmed that he is not aware of Mr. Yuan's breach of any applicable laws and regulations or Mr. Yuan's misconduct involving dishonesty or fraud; and

(7) Enquired about the Incident with Sher Tremonte in June 2020, and the Sole Sponsor further confirms the above-mentioned facts and the views formed by Sher Tremonte.

Having conducted the abovementioned due diligence work, the Sole Sponsor identified no specific evidence implicating Mr. Yuan's involvement in the allegations of misconduct against PTC China and as such, the Sole Sponsor concurs with the view of Sher Tremonte and is of the view that the Incident would not have any material adverse impact on the business operation and financial performance of our Group.

Mr. Yuan's suitability and competence as a Director

In addition to the due diligence conducted in respect of the Incident as mentioned in the paragraphs above, the Sole Sponsor has also conducted all reasonable due diligence works available as set out below to assess Mr. Yuan's suitability and competence as a Director, even though Mr. Yuan has undertaken he would not act as a Director or exert any influence on the Group going forward:

(1) Based on the due diligence work conducted as described in the paragraphs under the heading "View of Sole Sponsor in respect of the Incident" above, the Sole Sponsor is not aware of (i) any evidence that reflects negatively on Mr. Yuan's integrity and noted that Mr. Yuan had not gained any economic interest from the Incident and showed his good faith to cooperate; and (ii) any indication that such investigation is active as to Mr. Yuan and noted that by operation of the express terms of the Deferred Prosecution Agreement, of which the Deferred Period expired on February 15, 2019, the SEC will not bring any enforcement action or proceeding against Mr. Yuan arising from such investigation after that date;

(2) Engaged an independent third party agent to conduct background search, litigation search and bankruptcy search against Mr. Yuan in multiple jurisdictions in February 2020, June 2020 and August 2020 to ascertain, including but not limited to his working experience, directorships, and ownerships in companies and involvement in any litigation or proceeding and such search results showed that (i) Mr. Yuan had never been disqualified to act as a director in the U.S., the PRC, Hong Kong or other jurisdictions; (ii) Mr. Yuan was not subject to any litigation or proceedings involving fraud or dishonesty in the U.S., the PRC, Hong Kong or other jurisdictions; and (iii) there were no court proceedings or factual findings by the SEC or other regulatory authorities to prove that Mr. Yuan had committed any offences;

(3) Independently interviewed with three former colleagues of Mr. Yuan (namely two department directors of PTC China and a product manager of BMC China), who confirmed Mr. Yuan's good character, repute and integrity and his solid work experience in the information technology industry;

(4) Conducted due diligence interview with Mr. Yuan in February 2020 and June 2020 to understand his backgrounds including but not limited to his working experience, directorship, and shareholdings in the Company; and

(5) Based on the interviews with Mr. Yuan and his former colleagues as well as the background search results, the Sole Sponsor noted that Mr. Yuan has over 20 years working experience in the information technology industry and worked in various multinational software companies.

Having considered the due diligence work conducted by the Sole Sponsor and the intactness of Mr. Yuan's integrity, his relevant experience and appropriate character, the Directors have no reasonable grounds to believe that Mr. Yuan's suitability and competency to act as a director of a listed issuer under Rules 3.08 and 3.09 of the Listing Rules would be affected.

Based on the above due diligence and having considered the intactness of Mr. Yuan's integrity, his relevant experience and appropriate character, the Sole Sponsor has no reasonable grounds to believe that Mr. Yuan's suitability and competency to act as a director of a listed issuer under Rules 3.08 and 3.09 of the Listing Rules would be affected.

Influence of Mr. Yuan on our Group

Mr. Yuan is a financial investor of our Group without any intention to be involved in the daily operation of our Group. This is because (i) Mr. Yuan's investment in our Group is for the purpose of capital preservation and appreciation, instead of running a business given his intention to be in a quasi retirement status, and (ii) when considering introducing financial investors, Mr. Zhai, our controlling shareholder, selectively chose those passive investors who would not interfere in the operation of our Group. Although Mr. Yuan had never interfered with Mr. Zhai's decisions on management and daily operation for our Group, Mr. Zhai communicated with Mr. Yuan (and other investors of our Group) about the status and performance of our Group from time to time and during shareholders' meetings so that Mr. Yuan (and other investors of our Group) could obtain information about the development and performance of the Group. Mr. Yuan and his associates (i) have never been involved in the management or daily operation of our Group and (ii) have not controlled or exercised influence in our Group's operation and management since his investment in our Group. Mr. Yuan did not and is not expected to nominate or serve as a director of our Company or any of our subsidiaries, and had never participated in any board meeting of our Company or any of our subsidiaries. Since Mr. Yuan's investment in 2018 and prior to the Reorganization, according to the articles of association of Beijing Newlink, Beijing Newlink had no board of directors in place but only one executive director elected by the shareholders by a simple majority of votes, and senior management shall be determined by the executive director. As Mr. Zhai held 60% of equity interests of Beijing Newlink and was serving as the executive director of Beijing Newlink during such period, Mr. Yuan *de facto* had no right to nominate or appoint director or senior management of Beijing Newlink since his investment in 2018 and prior to the Reorganization.

Immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), Mr. Yuan will be beneficially interested in 27.30% of the enlarged share capital of our Company and thus is not considered as a controlling shareholder of our Company immediately following the Listing, and his exercise of voting rights is subject to checks and balances with the other Shareholders in accordance with the constitutional documents of our Company. In particular, as an exempted company incorporated in the Cayman Islands, our Shareholders have no general management rights or powers, either individually or collectively, in their capacity as Shareholders. The management of the business of our Company (including appointment of senior management) shall be vested in our Board which may exercise all such powers and do all such acts and things as may be exercised or done or approved by our Company and are not expressly directed or required to be exercised or done by our Company in general meeting pursuant to the Cayman Companies Act or our Memorandum and Articles of Association. While pursuant to the Cayman Companies Act and our Memorandum and Articles of Association, a Shareholder may propose a person for election as a Director at any general meeting by notice in writing and certain other corporate matters must be approved by Shareholders, including among others, any alteration to share capital and any amendment to or the adoption of new memorandum of association or articles of association, which do not directly relate to the daily operation and management of our Company, Mr. Yuan, as a Shareholder holding less than 30% of the voting rights at the general meetings after the Listing, is not likely to be able to pass shareholders' ordinary or special resolutions to approve such corporate matters without the affirmative votes of other Shareholders in favour of the same.

- *Confirmations and Undertakings*

Confirmation and undertakings by Mr. Yuan

Mr. Yuan has made a deed of declaration on December 17, 2020, in favor of the Company and the Sole Sponsor confirming and undertaking to the Company that:

(1) he has no intention to and will not, and will cause his associates not to, (a) serve as a Director or senior management in our Group, or (b) exert any influence on the management and operation of our Group;

(2) he and Mr. Zhai, did not, and will not have any agreement or understanding with each other for actively cooperating to obtain or consolidate control in our Company and have been acting independently of each other since their respective investment in Beijing Newlink;

(3) he and his associate did not, and he will not, and will cause his associates not to, participate or be involved in the customer acquisition or supplier selection of our Group;

(4) save for his shareholding in our Group, he and his associates have no past or present relationships (business, employment, family, financing or otherwise) with each of the Company and its subsidiaries, Mr. Zhai and other pre-IPO investors, Directors and senior management of the Group, and any of their respective associates, and he and his associates will refrain from entering into such relationships;

(5) to his best knowledge and save for his shareholding in our Group, there is no business relationship (including the business relationship between the companies that he and Mr. Zhai respectively worked for or invested in (where applicable)) between Mr. Zhai and him since they became acquainted with each other;

(6) after the Listing, he will abstain from voting at any general meetings of the Company and refrain from attending any general meetings of our Company and exercising any other shareholder rights, except for the right to dispose of the Shares beneficially owned by him and the right to receive dividends or distributions on the Shares;

(7) (a) he has obtained undertakings from his associates that he/she will not acquire any Shares on or off the market or seek or enter into any voting trust or other arrangement to control the exercise of any voting rights at the general meetings of our Company; (b) after the Listing, he will not, and will cause his associates not to, acquire any Shares on or off the market or seek or enter into any voting trust or other arrangement to control the exercise of any voting rights at the general meetings of our Company; and (c) he will, on a quarterly basis (i) inform our Company of any update on the list of his associates, and (ii) confirm with our Company that whether any of his associates breached their aforementioned undertakings after duly enquiry and fact-check;

(8) as a financial investor who invested at an early stage of business development of our Group with no intention to exert any influence on the management and operation of our Group, he will gradually dispose of all Shares beneficially owned by him in our Company, as an exit method, to persons other than his associates pursuant to the following schedule:

    (a) to dispose of not less than 10% of the enlarged share capital of our Company immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares to be issued upon exercise of the Post-IPO Share Option), or 80,000,000 Shares, within 18 months after the Listing (subject to the mandatory transfer restrictions under the Listing Rules for a period of six months from the Listing Date);

    (b) to dispose of not less than 20% of the enlarged share capital of our Company immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares to be issued upon exercise of the Post-IPO Share Option), or 160,000,000 Shares, within 30 months after the Listing; and

    (c) to dispose of all Shares beneficially owned by him in our Company within 36 months after the Listing;

and to ensure that the relevant purchasers/transferees are not associates of Mr. Yuan, he undertakes to give five business days prior written notice to our Company setting out proposed sales volume and timeframe and certifying that the relevant purchasers/transferees are not his associates with reasonable proof to the satisfaction of our Company; and

(9) he agrees to indemnify our Company, the other Shareholders and the Directors for, and to hold our Company and the Shareholders harmless from, all losses, claims, costs, damages, obligations, penalties, judgments, awards, and other liabilities that our Company or the other Shareholders or the Directors may sustain or incur arising out of or in connection with, directly or indirectly, his breach of the terms of the deed of declaration or the execution, delivery, performance or enforcement of the deed of declaration.

Our legal advisors as to Cayman Islands Law, Maples and Calder (Hong Kong) LLP, confirmed that the deed of declaration made by Mr. Yuan is valid and legally binding on him and is not in contravention of the laws of the Cayman Islands, and each of our Company and the Sole Sponsor has right to seek appropriate remedies in respect of any breach by Mr. Yuan of the undertakings contained in his deed of declaration, which may include (if determined by the Grand Court of the Cayman Islands to be an appropriate remedy) injunctive relief to prevent Mr. Yuan from attending any general meetings of our Company or voting at any general meetings of our Company.

Confirmation and undertakings by Mr. Zhai

Mr. Zhai has made a deed of declaration on December 17, 2020, confirming and undertaking to the Company and the Sole Sponsor that (1) he will not propose or nominate Mr. Yuan or any of Mr. Yuan's associates for election as a Director; (2) none of the customers or suppliers to the Group during the Track Record Period and up to the date of this prospectus was introduced by Mr. Yuan or any of Mr. Yuan's associate, and Mr. Zhai will procure our Group not to have any business transaction with customers and suppliers introduced by Mr. Yuan or any of his associates after the Listing; (3) he will vote against any candidate of Director proposed by Mr. Yuan or Mr. Yuan's associates and any proposal made by Mr. Yuan or Mr. Yuan's associates that may have influence on the management and operation of our Group; (4) he and Mr. Yuan, did not, and will not have any agreement or understanding with each other for actively cooperating to obtain or consolidate control in our Company and have been acting independently of each other since their respective investment in Beijing Newlink; (5) save for Mr. Yuan's shareholding in our Group, Mr. Zhai and his associates have no past or present relationships (business, employment, family, financing or otherwise) with Mr. Yuan or any of Mr. Yuan's associates and will refrain from entering into such relationships; and (6) to his best knowledge and save for Mr. Yuan's shareholding in our Group, there is no business relationship (including the business relationship between the companies that he and Mr. Yuan respectively worked for or invested in (where applicable)) between Mr. Yuan and him since they became acquainted with each other.

Confirmation and undertakings by the pre-IPO investors (excluding Mr. Yuan)

Each of the other pre-IPO investors (excluding Mr. Yuan) has also confirmed and undertaken that (1) he/she is aware of the deed of declaration made by Mr. Yuan as described above; (2) he/she will vote against any candidate of Director proposed by Mr. Yuan or Mr. Yuan's associates and any proposal made by Mr. Yuan or Mr. Yuan's associates that may have influence on the management and operation of our Group; (3) he/she will not entrust or delegate his/her voting right at the general meetings of our Company to Mr. Yuan or his associates; and (4) save for Mr. Yuan's shareholding in our Group, he/she and his/her associates have no past or present relationships (business, employment, family, financing or otherwise) with Mr. Yuan or any of Mr. Yuan's associates and will refrain from entering into such relationships.

Confirmation and undertakings by the Board

Our Directors undertake and confirm that (1) the Board has maintained, and will keep an updated version of, a list of associates of Mr. Yuan, and the Board or its committee will not nominate Mr. Yuan or any of Mr. Yuan's associates for appointment as a Director or senior management of our Group; (2) none of the customers or suppliers to the Group during the Track Record Period and as of the date of this prospectus was introduced by Mr. Yuan or any of Mr. Yuan's associate, and the Board will procure our Group not to have any business transaction with customers and suppliers introduced by Mr. Yuan or any of his associates after the Listing; (3) except for those agreements or resolutions entered into or signed by Mr. Yuan in his capacity as our Shareholder (i.e., the shareholder resolutions in relation to the Reorganization, including the Share Subdivision and the capitalization issue of shares as described under "— Our Reorganization," and the written resolutions of the Shareholders of our Company passed on December 5, 2020 as set out in "Appendix IV — Statutory and General Information") or previously as a shareholder of Beijing Newlink (i.e., investment framework agreements and the respective supplemental agreements thereof as set out in "Appendix IV — Statutory and General Information — B. Further Information about Our Company's Business — 1. Summary of Material Contracts," shareholder resolutions in relation to change in registered capital of Beijing Newlink, and shareholder resolutions in relation to the Pre-IPO Investments and Reorganization), Mr. Yuan is not a signing party to any contracts which are material to the operation of the Group and are entered into by our Company or our subsidiaries, regardless of being entered into in the ordinary course of business or not; (4) there is no side letter agreement between Mr. Yuan on one hand, and each of the Company and its subsidiaries, their shareholders, directors and senior management, and any of their respective associates on the other hand; and (5) save for Mr. Yuan's shareholding in our Group, he/she and his/her associates have no past or present relationships (business, employment, family, financing or otherwise) with Mr. Yuan or any of Mr. Yuan's associates and will refrain from entering into such relationships.

- *Internal Control Measures*

We have established comprehensive reporting process and internal control system to ensure effective management of our operations, including the administration of daily operations, financial reporting and recording, fund management, compliance with applicable laws and regulations. We have also designated responsible personnel who are employees of our Group at each stage in our approval process during the ordinary course of our business operation. Our Board oversees and manages the overall risks associated with our operations, while our executive officers, who are designated by our Board, are responsible for our daily operation and management. As Mr. Yuan is neither an employee nor a director of our Company, there is no position for him to influence the daily operation and management of our Group.

In addition, we have implemented additional measures during our hiring and promotion process to enable our management to discover potential issues that could affect our operations and effectively prevent the potential adverse influence on our Group thereupon. In particular, we have (1) supplemented our employment procedures to require future employees to declare or report to us, prior to entering into employment contracts, any relationship with any of our Directors, Shareholders (which to the knowledge of our Directors owns more than 5% of our Shares), or their respective associates, and (2) formulated administrative measures to conduct background search on employees when they are to be promoted to senior management positions in our Company or any of our subsidiaries.

Having considered the confirmations and undertakings in Mr. Yuan's deed of declaration and Mr. Zhai's statutory declaration as well as the confirmation and undertakings by the pre-IPO investors (excluding Mr. Yuan) and the Board and the Group's internal control measures, our Directors are of the view that Mr. Yuan or any of his associates had not exerted and is not able to, and will not be able to, exert any influence over the Group's operation and management and the current mechanisms in place is able to effectively prevent Mr. Yuan or any of his associates from exerting influence over the Group's operation and management.

In respect of whether Mr. Yuan and his associates had exerted significant influence and whether he and his associates are able to exert significant influence over the Group's operation and management, the Sole Sponsor had conducted extensive due diligence work, which is set out as follows:

(1) Conducted due diligence interview in February 2020, June 2020, August 2020 and November 2020 with Mr. Yuan and obtained written confirmation from Mr. Yuan in respect of (i) his investment in the Group; and (ii) the involvement of Mr. Yuan and his associates in the Group's operation and management. It was given to understand that (i) save as the investment as a passive shareholder of the Company, Mr. Yuan has never involved in the operation of the Group; (ii) Mr. Yuan or any of his associates had never signed any employment contract with the Group; (iii) Mr. Yuan or any of his associates does not have any family or business relationship with the other Shareholders, Directors and senior management of the Group or their respective associates; (iv) Mr. Yuan or any of his associates had never introduced and will not introduce any customers and suppliers to the Group; (v) Mr. Yuan has no intention to, or cause his associates to, be involved in the operations and management of the Group; and (vi) to the best knowledge of Mr. Zhai and Mr. Yuan and save for Mr. Yuan's shareholding in the Group, there is no business relationship (including the business relationship between the companies that Mr. Zhai and Mr. Yuan respectively worked for or invested in (where applicable)) between Mr. Zhai and Mr. Yuan since they became acquainted with each other;

(2) Reviewed the material contracts including sales contracts, invoices as well as the Group's internal office automation decision chain records of material projects in February 2020 and August 2020 and there were no records found in abovementioned documents, showing Mr. Yuan or any of his associates was involved in the operation of business and management of the Group;

(3) Reviewed the board resolutions and meeting records of each member of the Group in February 2020, including the board resolutions passed since Mr. Yuan had joined the Group as a shareholder in April 2018, there was nothing to suggest that Mr. Yuan had any involvement in the operation of business and management of the Group;

(4) Conducted due diligence interviews in February and June 2020 with and obtained written confirmation from the Directors and members of the senior management of the Company that (i) none of them was accustomed to take instructions from Mr. Yuan in relation to the operation and management of the Group; and (ii) Mr. Yuan had not been involved in the operation and management of the Group;

(5) Conducted due diligence interviews with employees of the Group in February and June 2020 on whether Mr. Yuan had been involved in the daily operation of the Group. The interviewees include, employees from each department of the Group including management and general administration, project execution, research and development and sales and marketing. The interviewees were randomly selected by the Sole Sponsor. According to the interviews, it was noted that none of the employees is aware that Mr. Yuan was involved in the operation of the Group;

(6) Obtained written confirmation in August 2020 from the current employees who have a management role in the Group and each of such person declared that he or she is not an associate of Mr. Yuan;

(7) Obtained and reviewed in August 2020 the measures implemented by the Group in its hiring and promotion process including (i) supplemented employment procedures to require future employees to declare or report to the Group, prior to entering into employment contracts, any relationship with any of the Directors, Shareholders (which to the knowledge of the Directors owns more than 5% of the Shares), or their respective associates, and (ii) formulated administrative measures to conduct background search on employees when they are to be promoted to senior management positions in the Company or any subsidiary of the Company;

(8) Obtained and reviewed the confirmation and undertakings in August 2020 signed by Mr. Zhai as described above;

(9) Obtained and reviewed the confirmation and undertakings in August 2020 signed by Mr. Yuan as described above;

(10) Obtained and reviewed the confirmations and undertakings made by the Board and the pre-IPO investors (excluding Mr. Yuan) as described above in August 2020; and

(11) Conducted interviews with Mr. Yuan, Mr. Zhai and all of the other Directors to understand the confirmations and undertakings made by Mr. Yuan, Mr. Zhai and the Board in August 2020.

Apart from the due diligence performed by the Sole Sponsor, the Sole Sponsor also considered the following:

(1) Mr. Yuan is a passive financial investor and his exercise of voting rights is subject to checks and balances with the other Shareholders in accordance with the constitutional documents of the Company. Immediately after the completion of the Global Offering, Mr. Yuan's voting rights at the general meetings of the Company will be 27.3% (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option) and thus he is not considered as a controlling shareholder of the Company immediately following the Global Offering;

(2) Mr. Yuan or any of his associates does not have any family or business relationship with the other Shareholders, Directors and senior management of the Group or their respective associates; and

(3) The management of the business of the Company shall be vested in the Board. Mr. Yuan does not sit on the Board and was not a director of any member of the Group. He had never participated in any board meeting of any member of the Group and had never been involved in the management and daily operation of the Group after he acquired the equity interests in Beijing Newlink in April 2018.

Having considered the above factors and due diligence conducted by the Sole Sponsor, the Sole Sponsor is of the view that Mr. Yuan or any of his associates had not exerted and is not able to exert any influence over the Group's operation and management and the current mechanisms in place is able to effectively prevent Mr. Yuan or any of his associates from exerting influence over the Group's operation and management.

Having considered (i) the facts and circumstances in connection with the Incident and the analysis and views from Sher Tremonte, our Directors and the Sole Sponsor in respect of the Incident; (ii) the factors set out in the paragraphs under the heading "Mr. Yuan's suitability and competence as a Director" above; (iii) the confirmations and undertakings in Mr. Yuan's deed of declaration and Mr. Zhai's statutory declaration as well as the confirmation and undertakings by the pre-IPO investors (excluding Mr. Yuan) and the Board; (iv) the Group's internal control measures implemented in prevention of the involvement by Mr. Yuan and his associates in the Group's management and operation; and (v) all due diligence work described above, our Directors and the Sole Sponsor are of the view that the Company's suitability for listing on the Stock Exchange under Rule 8.04 of the Listing Rules would not be affected.

Silver Cooperation

Silver Cooperation is a company incorporated in the BVI with limited liability and wholly owned by Ms. BAI Hong, an Independent Third Party, who became acquainted with Mr. Zhai through industry networking events in 1990s. Silver Cooperation is primarily engaged in investment holding. Ms. BAI Hong was previously a shareholder and director of Beijing UFC Co., Ltd. and worked there with Mr. Zhai during the 2000s. She has over 15-year experience in information technology industry and is an individual investor with a primary focus on information technology industry.

Tampu Technology

Tampu Technology is a company incorporated in the BVI with limited liability and wholly owned by Mr. WANG Weibin, an Independent Third Party, who became acquainted with Mr. Zhai through entrepreneur networking events in 2012. Tampu Technology is primarily engaged in investment holding. Mr. WANG Weibin is an entrepreneur as well as an individual investor with a primary focus on investments in businesses across real estate, culture and entertainment, healthcare and financial investment industries.

Charlie Waffle

Charlie Waffle is a company incorporated in the BVI with limited liability and wholly owned by Ms. WONG Shumin, an Independent Third Party, who was introduced to Mr. Zhai through a relative of Mr. Zhai in 2014. Charlie Waffle is primarily engaged in investment holding. Ms. WONG Shumin is an individual investor with a primary focus on real estate, retail and information technology industries.

Well Fancy

Well Fancy is a company incorporated in the BVI with limited liability and wholly owned by Mr. PAU Hung To, an Independent Third Party. Mr. PAU Hung To became acquainted with Mr. Zhai in 2014 through the introduction of a friend of Mr. Zhai, who is an Independent Third Party and working in healthcare industry, on social occasions, and Mr. Zhai became acquainted with his friend through social events around 2012. Well Fancy is primarily engaged in investment holding. Mr. PAU Hung To has over ten-year experience in healthcare industry and semiconductor industry and is an entrepreneur as well as an individual investor with a primary focus on investments in healthcare, semiconductor and information technology industries.

To the best knowledge of our Directors and save as disclosed above, (1) there is no past or present family or financing relationship among the pre-IPO investors, and (2) there is no other past or present relationships (business, employment, family, financing or otherwise) between each of the pre-IPO investors on one hand, and each of the Company and its subsidiaries, their controlling shareholders, directors and senior management, and any of their respective associates on the other hand.

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

Our Directors are of the view that our Group can benefit from the Pre-IPO Investments in various ways, including utilizing the funds invested by our pre-IPO investors to develop our business and solution offerings, as well as establishing strategic relationship with our pre-IPO investors to leverage their industry experience and resources for our business expansion. The pre-IPO investors' commitments to our Group also demonstrate their confidence in our Group's operation and can serve as an endorsement of our Company's performance, strength and prospects.

Public float

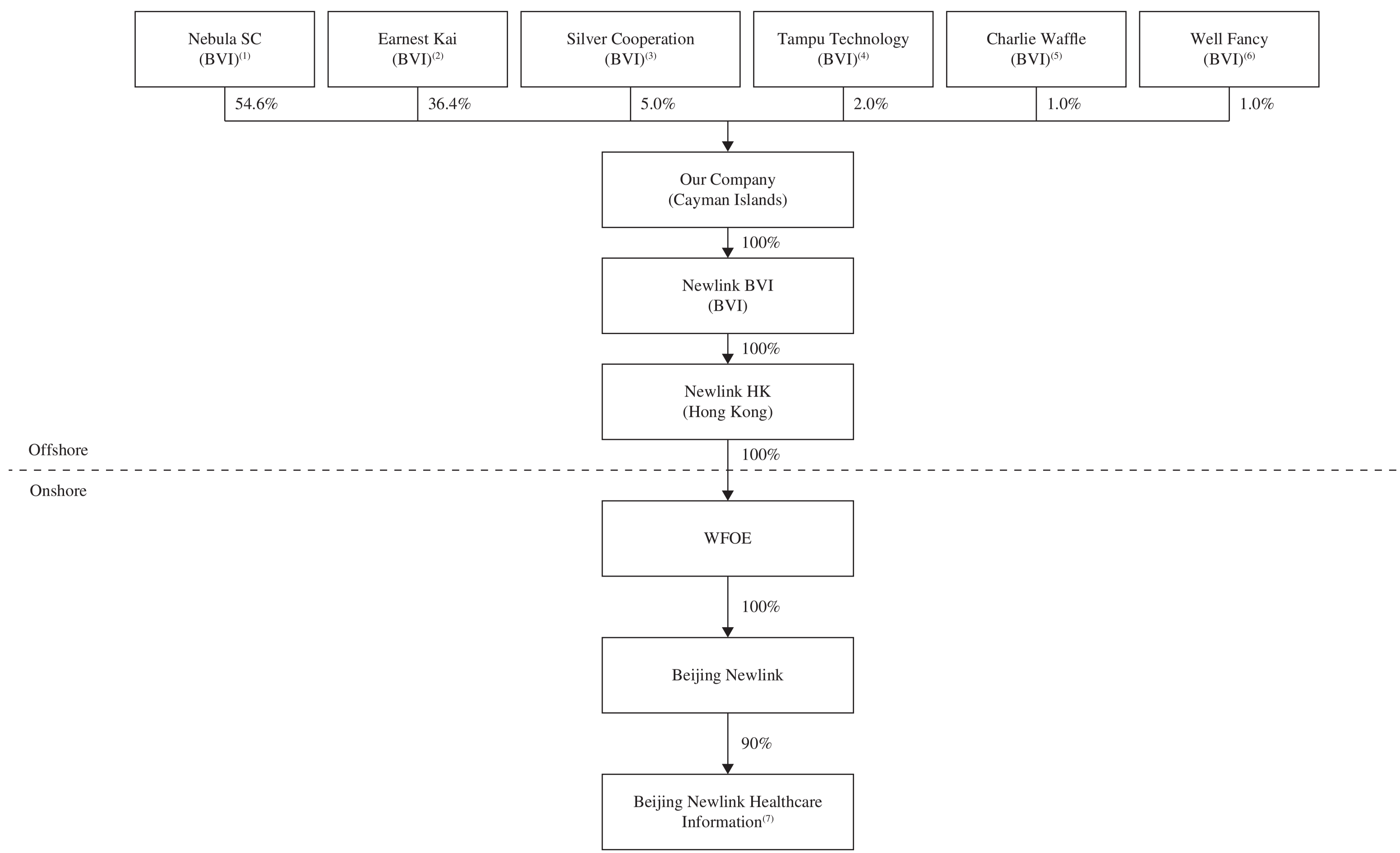
Upon completion of the Global Offering, all the Shares held by the pre-IPO investors will count towards part of the public float, except for the Shares held by Earnest Kai, a company wholly-owned by Mr. Yuan and a substantial shareholder of our Company upon the Listing.

Sole Sponsor's confirmation

The Sole Sponsor confirms that the Pre-IPO Investments are in compliance with the Guidance Letter HKEX-GL29-12, the Guidance Letter HKEX-GL43-12 and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange.

OUR CORPORATE STRUCTURE

The following chart illustrates our corporate structure as of the Latest Practicable Date and immediately prior to the Global Offering:



Notes:

(1) Nebula SC is wholly owned by Mr. Zhai, a Controlling Shareholder, chief executive officer, executive Director and chairman of the Board.

(2) Earnest Kai is wholly owned by Mr. Yuan, one of the controlling shareholders of our Company prior to the Listing and a substantial shareholder of our Company upon Listing.

(3) Silver Cooperation is wholly owned by BAI Hong (柏紅), an Independent Third Party.

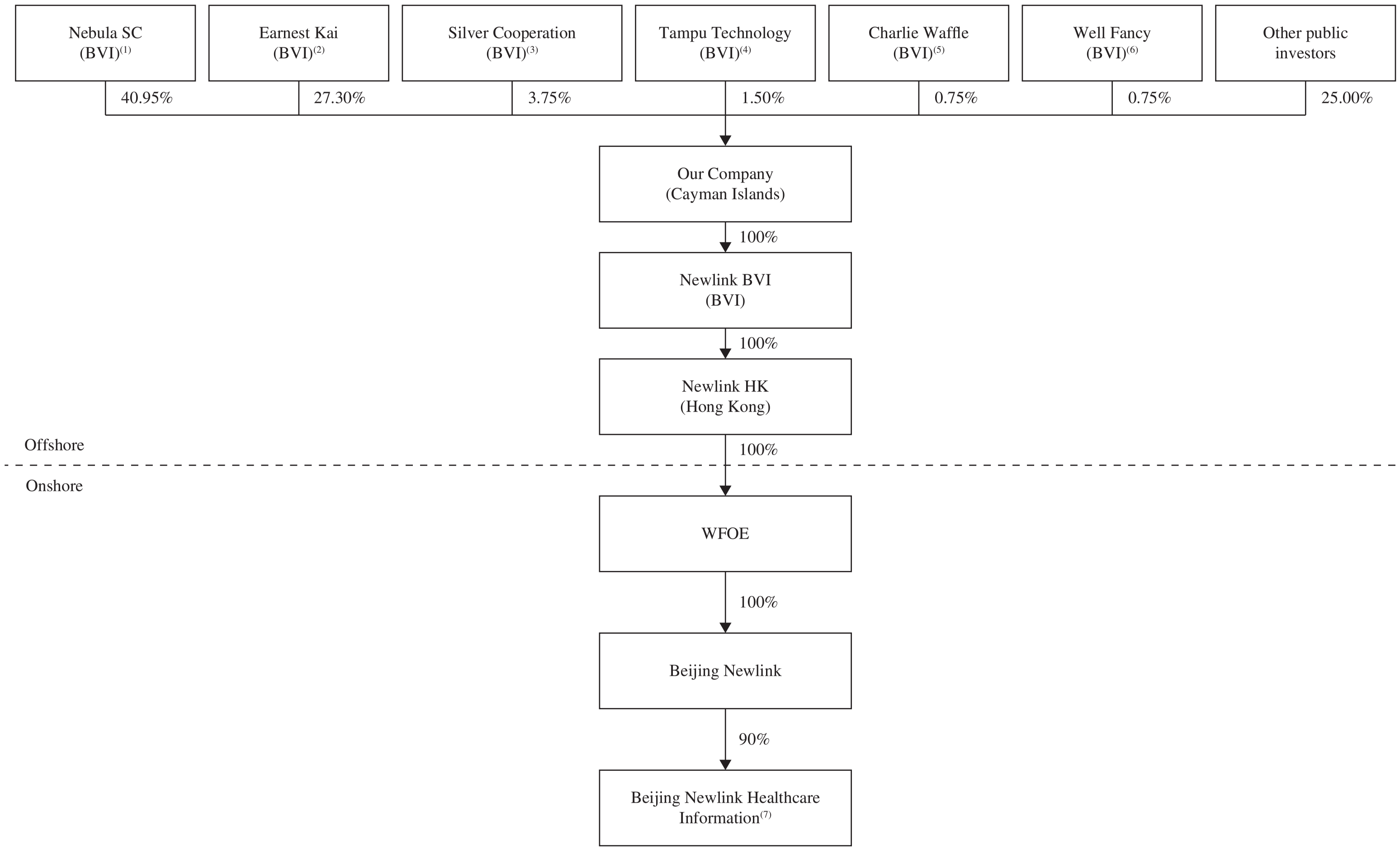
(4) Tampu Technology is wholly owned by WANG Weibin (王偉斌), an Independent Third Party.

(5) Charlie Waffle is wholly owned by WONG Shumin (黃舒敏), an Independent Third Party.

(6) Well Fancy is wholly owned by PAU Hung To (鮑洪濤), an Independent Third Party.

(7) The remaining 10% equity interests were owned by Ms. LIU Jin (劉謹), an Independent Third Party. Beijing Newlink Healthcare Information was our insignificant subsidiary and had no actual operation during the Track Record Period and as of the Latest Practicable Date.

The following chart illustrates our corporate structure immediately after the completion of the Global Offering (assuming no exercise of the Over-allotment Option and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option):



Notes:

(1) – (7) See notes to the corporate structure of our Group as of the Latest Practicable Date for details.

REGULATORY REQUIREMENTS OF CHINA

According to the M&A Rules, a foreign investor is required to obtain necessary approvals when it (1) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (2) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (3) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (4) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special purpose vehicle, or a special purpose vehicle, formed for the 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, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies. According to the Notice on Issuing the Guidebook for the Administration of Foreign Investment Admission Management (2008 Edition) (關於下發<外商投資准入管理指引手冊>(2008年版)的通知), the M&A Rules are not applicable to the situation where PRC companies or individuals transfer their equity interest in an established foreign-invested enterprise to foreign companies or individuals, regardless of whether there is any related party relationship between the PRC companies or individuals and the foreign companies or individuals, and whether the foreign companies or individuals are existing shareholders or new investors of the established foreign-invested enterprise.

As advised by our PRC Legal Advisors, our WFOE acquired all equity interest in Beijing Newlink after Beijing Newlink had been owned as to 1% by a foreign investor and converted into a foreign-invested enterprise, and thus, the aforementioned acquisition is an equity transfer in a foreign-invested enterprise, and the M&A Rules are not applicable to such acquisition.

SAFE REGISTRATION IN CHINA

Pursuant to the Circular 37, (1) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to the Overseas SPV that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (2) 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 others, a change of 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. 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 restricted 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. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Pursuant to the Circular 13, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interests in the domestic entity are located.

As advised by our PRC Legal Advisors, all PRC residents who are the shareholders of the Overseas SPVs in our Group have completed their registration under Circular 37 as of the date of this prospectus, which is in compliance with Circular 37.

OVERVIEW

We are an IT solution provider focusing primarily on traditional software-driven solutions for financial institutions during the Track Record Period and we are also committed to providing innovative software-driven solutions, including solutions powered by data analysis and image and text recognition technologies, for both financial institutions and healthcare institutions. According to the CIC Report, traditional software-driven solutions refer to solutions that facilitate the digitalization of various institutions focusing on the collection and storage of data, mainly based on software or locally deployed IT systems; and innovative software-driven solutions include data-driven systems involving advanced analytics and technologies including cloud computing, AI, IoT, etc, where user data and feedbacks will be shared and analyzed for further applications, as well as IT solutions developed for newly-emerged businesses. According the CIC Report, in additional to a traditional IT solution provider, we are also a provider for innovative IT solutions because our innovative IT solutions adopt the advanced technologies, including data analysis and image and text recognition technologies, and some of them are also developed for newly-emerged businesses for financial institutions and healthcare institutions. According to the CIC Report, we are a top 100 provider of over 2,500 providers of IT solutions for financial institutions in China in terms of sales revenue in 2019, and we are also a provider of healthcare IT solutions in China, with solutions including featured medical quality control and safety warning system, which enables supervisors and department directors at hospitals to monitor the behavior of healthcare professionals on a real-time basis. Our solutions enable financial institutions, healthcare institutions and other enterprises to achieve intelligent business processing and data visualization, improve operational efficiency and optimize service quality. We focus on serving financial institutions and healthcare institutions, many of which are banks and hospitals and are closely connected to people's daily life, and through providing such institutions with both traditional and innovative IT solutions, we aim to improve the general public's experience in their daily use of financial or healthcare services.

We focused primarily on our traditional software-driven solutions and generated the majority of our total revenue from our traditional software-driven solutions during the Track Record Period. Since Mr. Zhai's acquisition of Beijing Newlink in December 2016, we have been consistently focusing on providing software development services, technical and maintenance services and self-developed software products. Right after Mr. Zhai's acquisition, we have actively explored business opportunities, and obtained industry recognition and business relationships with potential customers, leveraging our management's extensive experience and expertise in the IT solution market and finance industry. With our experience accumulated in the development and provision of our traditional software-driven solutions and to keep abreast to the constant development of information technology, we have explored new business opportunities by developing innovative software-driven solutions, including solutions powered by data analysis and image and text recognition technologies, and started to generate revenue from such solutions since 2018. We expect that we will continue to generate the majority of our total revenue from our traditional software-driven solutions in the near future, and that we will continue to diversify our solution offerings and support our long-term business growth by investing in the development of our innovative software-driven solutions, including solutions powered by data analysis and image and text recognition technologies.

We provide financial institutions, primarily including banks, trust companies and asset management companies, with a comprehensive spectrum of solutions, such as BEAI platform, over-the-counter bond bookkeeping system, distributed trading platform and RPA solution, to help refine their financial services, data management, security management and operation management and enable them to better serve their clients in new business scenarios and adapt to changing regulatory requirements. Our revenue generated from IT solutions for financial institutions was RMB20.7 million, RMB109.7 million, RMB127.0 million, RMB46.7 million and RMB53.1 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively, among which 100%, 90.6%, 76.3%, 72.3% and 92.8% was generated from traditional software-driven solutions, respectively. According to the CIC Report, we are an early mover in the market of over-the-counter bond bookkeeping system. Prompted by favorable government policies in promoting over-the-counter business of local government bonds in China, we launched our over-the-counter bond bookkeeping system in August 2018 and such system was implemented in nine banks as of March 31, 2020, representing 52.9% of a total of 17 banks that engaged third-party providers of such system in China as of the same date, according to the CIC Report. Empowered by our technology capabilities, we also offer Robotic Process Automation solution, or RPA solution, to optimize operational efficiency of financial institutions by replacing labor intensive procedures with process automation through robotic execution. Launched in March 2018, our RPA solution was deployed to help reduce labor costs for two top-tier financial institutions in a variety of application scenarios as of June 30, 2020. According to the CIC Report, we were one of less than ten domestic RPA solution providers for financial institutions in China that successfully commercialized RPA solution and generated revenue, as of March 31, 2020.

On the other hand, we have placed much emphasis on responding and tackling pressing social needs in our innovative healthcare IT solutions, including medical quality control and safety warning system, critical values warning system, clinical pathway management system and telemedicine system, with application of healthcare data analysis, including data preprocessing, mining and visualization, for healthcare institutions in China. Benefiting from our management's industry insights, we have started our research and development of our medical quality control and safety warning system in January 2017, which later witnessed significant market potential driven by various favorable governmental policies regarding medical quality control and healthcare data analysis. Our revenue generated from IT solutions for healthcare institutions was nil, nil, RMB12.3 million, RMB4.0 million and RMB2.7 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively, all of which was generated from our innovative software-driven solutions. As we developed our system based on the customer's specific needs, we stood out among other competitors in the tendering process and successfully obtained our first engagement in the healthcare industry. We are provider of medical quality control and safety warning system with intelligent analysis of full range of medical data acquired from existing medical databases of hospitals in China. Benefited by favorable government policies in improving healthcare quality and addressing unbalanced distribution of medical resources in China, the market size of healthcare IT solutions in terms of sales revenue increased from RMB68.6 billion in 2015 to RMB230.3 billion in 2019 at a CAGR of 35.4%, and is expected to grow to RMB413.3 billion in 2021 and further to RMB1,261.6 billion in 2026, representing a CAGR of 27.5% from 2019 to 2026, according to the CIC Report. Leveraging the mature data collection applications in healthcare industry and driven by continuous development of innovative applications of big data analytics and AI technologies, the market size of innovative healthcare IT solutions in China in terms of sales revenue increased from RMB29.7 billion in 2015 to RMB116.6 billion in 2019, representing a CAGR of 40.8%, and it is expected to grow to RMB222.3 billion in 2021 and further to RMB778.1 billion in 2026, representing a CAGR of 31.1% from 2019 to 2026, according to the CIC Report. We are committed to making improvements to healthcare quality by enabling hospitals to effectively monitor each aspect of their daily operations, efficiently analyze clinical data and timely respond to emergencies through application of healthcare data analysis, including data preprocessing, mining and visualization. Our medical quality control and safety warning system was first implemented in November 2018 in a Class III Grade A hospital in Chongqing with over 3.8 million annual outpatient visits and over 110,000 surgeries performed annually and helped it achieve comprehensive medical quality control and effectively reduce risk of medical disputes caused by medical malpractice. With our proven track record of successful system deployment, as of June 30, 2020, we expanded the implementation of our medical quality control and safety warning system to 44 hospitals, 29 of which were Class III Grade A hospitals, and entered into cooperation arrangements with 240 hospitals, over 70% of which were Class III Grade A hospitals, to implement such system in 2021. As of June 30, 2020, we recognized revenue from 33 hospitals of such hospitals.

We are a technology-driven company with good in-house research and development capabilities. Since our inception, our technical team has developed substantially all core technologies used in our solutions and commercialized over 30 IT solutions for financial institutions. Specifically, as of the Latest Practicable Date, our technical team has developed and utilized the following technologies during the research and development of our IT solutions:

- technologies relevant to data collection and preprocessing, including massive data search and collection, scattered data integration, highly concurrent data synchronization, high speed and reliable data transmission, and streaming computing technology for data cleansing;

- technologies relevant to distributed computing, including distributed and concurrent computing model for real-time massive data analysis, distributed server cluster for massive data calculation, and real-time risk identification and alert;

- technologies relevant to data analysis and data mining, including key and usable data extraction from raw data, massive data pattern and trend analysis, data analysis modeling, and forecast analysis based on past data pattern;

- technologies relevant to data visualization, including computer graphics and image processing technology, 3-D data modeling, dynamic data display, and computer vision and computer-aided design;

- technologies relevant to RPA and related technologies, including RPA for business process automation, natural language processing, machine learning, and image and text recognition; and

- technologies relevant to distributed trading architecture, including microservice architecture technology, distributed and parallel data processing, distributed database technology, and dynamic resource allocation technique. See "— Our Technologies" for more details.

We have built up and expanded our technical team from 127 technical staff as of December 31, 2016 to 403 technical staff as of June 30, 2020. Key members of our technical team include Mr. WU Kejie (吳克傑), Mr. PAN Zehua (潘澤華) and Mr. CHEN Xiang (陳翔), who have in-depth knowledge in software development and product management with over 20 years of industry experience. Serving our diversified customers in the finance industry for years, our technical team has accumulated abundant experience in, among others, data collection and preprocessing, data analysis and data mining, data visualization, RPA, NLP, machine learning and image and text recognition, and distributed trading architecture. Our IT solutions for healthcare institutions allow us to manage and analyze data of the healthcare institutions and we are dedicated to using our data analytics capabilities to continuously create value for our customers in the healthcare industry through adding new function modules to their existing systems. We made significant investments into our research and development activities. During our Track Record Period, our research and development expenses increased significantly. Our research and development expenses were RMB3.2 million, RMB10.5 million, RMB14.3 million, RMB11.1 million and RMB3.5 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively, representing 15.2%, 8.7%, 9.6%, 19.8% and 5.9%, respectively, of our total revenue for the same periods. See "Financial Information — Period to Period Comparison of Results of Operations — Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019 — Research and development expenses."

We experienced significant growth during the Track Record Period. We generate revenue from the provision of software development services, technical and maintenance services and software sales for financial institutions, healthcare institutions and other enterprises. Our revenue increased significantly from RMB21.1 million in 2017 to RMB120.6 million in 2018, and further increased by 23.5% to RMB149.0 million in 2019. Our revenue increased by 4.6% from RMB56.2 million in the six months ended June 30, 2019 to RMB58.8 million in the six months ended June 30, 2020. Our net profit increased significantly from RMB1.5 million in 2017 to RMB31.1 million in 2018, and further increased by 6.4% to RMB33.1 million in 2019. Our net profit increased by 29.2% from RMB2.4 million in the six months ended June 30, 2019 to RMB3.1 million in the six months ended June 30, 2020. Our adjusted net profit, a non-HKFRS measure, increased significantly from RMB1.5 million in 2017 to RMB31.1 million in 2018, and further increased by 23.2% to RMB38.3 million in 2019. Our adjusted net profit increased significantly from RMB2.4 million in the six months ended June 30, 2019 to RMB11.3 million in the six months ended June 30, 2020. Our adjusted net profit represents our profit for the year/period excluding the effect of listing expenses. See "Financial Information — Key Components of Our Results of Operations — Non-HKFRS Measure." As of the Latest Practicable Date, the epidemic outbreak has not materially and adversely affected our business operations and financial condition. To reduce the risk of infection and continuously develop our business, we have adopted business contingency plans and protective measures using our existing technological infrastructure and workforce, which did not incur additional costs. We have also made appropriate arrangements for our project execution and except for a small number of projects which have been delayed, the timing of our revenue recognition generally would not be affected. For the small number of projects which have been delayed, we were not liable for payment of any compensation to the relevant customers as the delay in project progress were caused by the quarantine measures taken by such customers during the epidemic outbreak rendering us unable to perform certain tasks as originally planned according to the project schedules. Assuming the COVID-19 outbreak continues in China, and there has to be a complete suspension of operation, we expect that our cash reserves should be sufficient to satisfy our operational expenses for a period of around 11 months. See "Summary – Recent Developments" for the details of the projects which have been affected by the epidemic outbreak and a sensitivity analysis in view of COVID-19 on our business operation.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success and helped us compete effectively in the industry.

A top 100 provider of IT solutions for financial institutions in China

According to the CIC Report, we are a top 100 provider of over 2,500 providers of IT solutions for financial institutions in China in terms of sales revenue in 2019. We provide comprehensive and integrated solutions for our customers in the finance industry, such as banks, trust companies and other financial institutions. Our industry-specific solutions are customized for our customers' unique needs and continuously upgraded to keep pace with our customers' evolving demands, such as the demand to adapt to new business scenarios and regulatory requirements. Our key solutions for financial institutions have been successful. In particular, according to the CIC Report, as of March 31, 2020, our over-the-counter bond bookkeeping system was implemented in nine banks, representing 52.9% of a total of 17 banks that engaged third-party providers of such system in China; and we were also one of less than ten domestic RPA solution providers for financial institutions in China that successfully commercialized RPA solutions and generated revenue, as of March 31, 2020. According to the CIC Report, financial institutions in China generally only engage one solution provider for the implementation of a specific system across all branches due to their budget optimization and customization needs.

We provide traditional software-driven solutions embedded in daily workflows of financial institutions to help refine their transaction management, data management, security management and operation management. We also empower banks to develop new businesses by providing innovative software-driven solutions, such as the over-the-counter bond bookkeeping system for bond transactions. According to the CIC Report, the issuance size of over-the-counter bonds in China increased from RMB39.6 billion in 2015 to RMB338.2 billion in 2019 at a CAGR of 71.0%, and is expected to grow to RMB4,508.3 billion in 2026, representing a CAGR of 44.8% from 2019 to 2026, and the number of banks qualified to conduct the business of over-the-counter bond issuance increased from 31 in 2015 to 48 in 2019 at a CAGR of 11.6%, and is expected to grow to over 4,000, covering approximately 90% of all banks in China in 2026, representing a CAGR of 72.1% from 2019 to 2026. Prompted by favorable government policies in promoting over-the-counter business of local government bonds to expand the sales channels for local government bonds in China, the penetration rate of local government bonds offered through the over-the-counter business in banks is expected to increase from 0.8% in 2019 to 13.7% in 2026, representing a CAGR of 50.0%, according to the CIC Report. PBOC and MOF require every bank that applies for the over-the-counter bond issuance business to install a set of over-the-counter bond bookkeeping system to ensure that a secure and stable transaction management system is in place before the relevant business is conducted. Accordingly, the market size of third-party over-the-counter bond bookkeeping systems in China in terms of sales revenue increased from RMB3.7 million in 2015 to RMB13.8 million in 2019 at a CAGR of 39.1%, and is expected to grow to RMB2,332.5 million in 2026, representing a CAGR of 108.1% from 2019 to 2026, according to the CIC Report. As an early mover in the market, we launched our over-the-counter bond bookkeeping system in August 2018 and such system was implemented in nine banks as of March 31, 2020, representing 52.9% of a total of 17 banks that engaged third-party providers of over-the-counter bond bookkeeping system as of the same date, according to the CIC Report. We believe our extensive industry expertise and proven track record of successful system development and delivery in over-the-counter bond bookkeeping system form a substantial entry barrier for our competitors.

Empowered by our technology capabilities, we also offer the RPA solution to optimize operational efficiency of financial institutions by replacing labor intensive procedures with process automation through robotic execution. According to the CIC Report, with advanced technologies and proven ability to effectively save costs, the profit margin of RPA solutions for financial institutions is generally higher than that of traditional IT solutions for financial institutions. Launched in March 2018, our RPA solution was deployed to help reduce labor costs for two top-tier financial institutions in a variety of application scenarios as of June 30, 2020.

We are also actively exploring opportunities to utilize cutting-edge technologies to upgrade existing technological infrastructure for our customers. For example, we have introduced our distributed trading platform as a reliable, scalable and extensible technological infrastructure to help our customers overcome limitations of their traditional systems and adopt new business scenarios and technological innovations. Leveraging our deep expertise in the finance industry and leading technological capabilities, we believe we are well positioned to quickly develop and commercialize diversified solutions for newly emerging demands in finance industry and solidify our market leading position.

Provider of featured healthcare IT solutions in China

According to the CIC Report, we are a provider of healthcare IT solutions in China, with solutions including featured medical quality control and safety warning system, which enables supervisors and department directors at hospitals to monitor the behavior of healthcare professionals on a real-time basis. We integrate all kinds of medical data, conduct statistical analysis, achieve real-time safety early warning and optimize the process of crisis management of hospitals, through our medical quality control and safety warning system. Aiming to make improvements to healthcare quality, our medical quality control and safety warning system, along with our clinical pathway management system, as well as other healthcare

IT solutions, enable hospitals to analyze key clinical data, improve clinical effectiveness and lower the risk of medical malpractice. Our medical quality control and safety warning system was first implemented in November 2018 in a Class III Grade A hospital in Chongqing with over 3.8 million annual outpatient visits and over 110,000 surgeries performed annually and helped it achieve comprehensive medical quality control and effectively reduce risk of medical disputes caused by medical malpractice. With our proven track record of successful system deployment, as of June 30, 2020, we expanded the implementation of our medical quality control and safety warning system to 44 hospitals, 29 of which were Class III Grade A hospitals, and entered into cooperation arrangements with 240 hospitals, over 70% of which are Class III Grade A hospitals, to implement such system in 2021. Prompted by favorable government policies, such as the Notice on the Implementation of the Clinical Pathway of Several Diseases promulgated by the NHFPC in 2016, in improving the clinical pathway management, promoting the standardization of healthcare service process and the reasonable charges for healthcare services, we developed our clinical pathway management system to promote organized, efficient and affordable patient care at reasonable price level through greater standardization of treatment regimens for hospitals. As of the Latest Practicable Date, our clinical pathway management system helped a Class III Grade A hospital located in Beijing with the highest level of medical quality control in China and approximately 4.9 million annual outpatient visits, optimize the process management of clinical pathways and promote more organized and efficient healthcare service. Inspired by favorable government policies, we expect that clinical pathway management systems will be applied to more healthcare scenarios and achieve higher popularity among hospitals in China. In addition to our medical quality control and safety warning system and clinical pathway management system, we also provide critical values warning system and telemedicine system.

Compared to the finance IT solution industry, the healthcare IT solution industry in China is at a less developed stage but with great potential, according to the CIC Report. Benefited by favorable government policies in improving healthcare quality and addressing unbalanced distribution of medical resources in China, the market size of innovative healthcare IT solutions in terms of sales revenue increased from RMB29.7 billion in 2015, accounting for 43.3% of the market size of healthcare IT solutions in the same year, to RMB116.6 billion in 2019, accounting for 50.6% of the market size of healthcare IT solutions in the same year, at a CAGR of 40.8%, according to the CIC Report. It is expected to grow to RMB222.3 billion in 2021, accounting for 53.8% of the market size of healthcare IT solutions in the same year, and further to RMB778.1 billion in 2026, accounting for 61.7% of the market size of healthcare IT solutions in the same year, representing a CAGR of 31.1% from 2019 to 2026, according to the CIC Report. We believe our early-mover advantage, good technological capabilities and cooperation with health institutions and industry experts in the field of medical quality control will enable us to benefit from the growth prospects of the market of innovative healthcare IT solutions and compete more effectively.

Good technological capabilities

We are a technology-driven company. We have made substantial investments in strengthening our technological capabilities and building a dedicated and experienced technical team. Since our inception, our technical team has developed substantially all core technologies used in our solutions and commercialized over 30 IT solutions for financial institutions. Serving our diversified customers in the finance industry for years, our technical team has possessed technological capabilities in, among others, data collection and preprocessing, data analysis and data mining, data visualization, RPA, NLP, machine learning and image and text recognition, and distributed trading architecture. Our IT solutions for healthcare institutions allow us to manage and analyze data of the healthcare institutions and we are dedicated to using our powerful data analytics capabilities to continuously create value for healthcare institutions through adding new function modules to their existing systems. For example, by monitoring the physical conditions of patients in real time based on medical data acquired from hospitals' existing databases, our medical quality control and safety warning system functions as an early warning indicator allowing healthcare professionals to identify potential patient safety events, make informed medical decisions and take actions at early stage.

As of the Latest Practicable Date, we registered a total of 51 software copyrights, one trademark and one patent in China. With our core technical staff remaining stable, we expanded our technical team from 127 members as of December 31, 2016 to 403 members as of June 30, 2020 to support our continuous upgrade and optimization of existing solutions and the development of new innovative solutions. We generally require our technical staff to have relevant working experience and related qualification. Our technical staff accounted for approximately 85.0% of our total employees, as of June 30, 2020. Also, we have a team of in-house IT engineers who are familiar with healthcare business to better serve healthcare institutions.

In addition to our good in-house technological capabilities, we have forged strategic partnerships with leading universities and research institutions in China, to exchange ideas and jointly develop technologies and products to meet the evolving market demand. For example, we cooperated with Fudan University (復旦大學) to provide telemedicine solutions in the field of brain diseases to six hospitals that are authoritative in diagnosis and treatment for brain diseases, and we cooperated with Beijing Jiaotong University (北京交通大學) to apply technologies for the development of software-driven solutions for enterprise use. We have also sought advices from experts in the field of medical quality control to optimize our healthcare solution offerings.

Sustainable business model and good relationships with large and reputable institutions

We provide healthcare institutions and financial institutions with various IT solutions that are customized for their specific needs. Generally, our customers enter into annual maintenance contracts with us following their purchase of our IT solutions. Depending on evolving needs from time to time, our customers may also engage us for the upgrade of our existing IT solutions and the development of new IT solutions. As our solutions are generally customized, once they are integrated into customers' existing systems, it is difficult for our customers to replace solutions or engage maintenance or upgrade services from others. In 2017, 2018, 2019 and the six months ended June 30, 2020, we had 25, 71, 124 and 129 customers, respectively. In 2018, 2019 and the six months ended June 30, 2020, all of our customers for the preceding year continued their cooperation relationships with us through maintenance of existing contracts, contract renewal and/or engagements for new contracts.

Leveraging our in-depth industry knowledge and extensive technological expertise, we have established and maintained long-standing and trusted relationships with a diverse base of large and reputable institutions in the finance and healthcare industries in China. Our customers consist primarily of top-tier banks, trust companies, asset management companies and Class III Grade A hospitals. See "— Our Customers" for details. During the Track Record Period, we provided IT solutions for the use by over 80 financial institutions and 53 healthcare institutions. We continuously provide product upgrade services to accommodate the evolving demand from our large and stable customer base, especially from financial institutions which are heavily regulated by PRC authorities to perform system upgrade constantly. We believe our long-standing and trusted relationships with customers enable us to proactively refine our existing solutions and develop new solutions based on customers' feedback and newly identified demands and provide us abundant opportunities to cross sell other suitable solution to our customers. Furthermore, we believe we are able to capitalize on our industry reputation and good relationship with large and reputable institutions to procure new engagements and capture emerging market opportunities.

Visionary and experienced management team with in-depth industry expertise

Our visionary management team possesses solid industry expertise and strong execution ability in China's IT solution market for finance and healthcare industries. Our core management team and technical team members have worked collaboratively for more than ten years, accumulating rich experience in product development and operation in the IT solution market. Our chairman of the Board and chief executive officer, Mr. Zhai, has over 25 years of experience in China's IT solution market and finance industry. The other members of our senior management team also have an average of over 12 years of relevant industry experience in a wide range of relevant fields, covering software development, sales and marketing, finance and operations. With an in-depth understanding of China's IT solution market for finance and healthcare industries, Mr. Zhai and other members of our senior management team have been instrumental to the vision and creativity of our business.

Our senior management team has led our Company to continuously drive innovation and achieve market leadership in China. We are confident that our senior management will continue to help us stay abreast of the ever-evolving industry trend and customer demand in China's IT solution market for finance and healthcare industries, as well as to further strengthen our brand.

OUR BUSINESS STRATEGIES

We strive to leverage our robust technological capabilities and become a company with a strategic focus on providing key solutions to customers. To this end, we intend to pursue the following strategies.

Solidify our market presence in finance IT solution industry and develop new solution offerings

The finance IT solution industry in China is characterized with rapid technological innovations and changing market demand, according to the CIC Report. The financial institutions are facing challenges to undertake technological transformation to cost-effectively optimize their current business models and enable new business models. We intend to selectively focus on our core solution offerings, such as the over-the-counter bond bookkeeping system and RPA solution, and deepen our specialty in these areas to resolve the pain points of our customers, achieve greater competitive advantages and outperform our competitors in terms of profitability, productivity, market share and growth. With the ability to integrate technology with industry expertise, we plan to increase our market share in the market of third-party over-the-counter bond bookkeeping system, which has experienced a rapid growth in recent years and shown great growth potential in the future inspired by favorable government policies in promoting the sale of local government bonds at bank counters, according to the CIC Report. According to the CIC Report, the number of banks qualified to conduct the business of over-the-counter bond issuance increased from 31 in 2015 to 48 in 2019 at a CAGR of 11.6%, and is expected to grow to over 4,000 in 2026, covering approximately 90% of all banks in China, representing a CAGR of 89.4% from 2019 to 2026.

We also plan to add more subsystems in our over-the-counter bond bookkeeping system to help financial institutions manage and control transaction risk and transaction process. The following table sets forth details of our business plan for our over-the-counter bond bookkeeping system.

Period	Business Plan	Investment Amount	Funding Source
		(RMB in million)	
From October 2019 to October 2020	Upgrade technology architecture from service-oriented architecture to distributed architecture	3.0	Operating cash flow from the sale of over-the-counter bond bookkeeping system
From November 2020 to June 2021	Promote new version of our over-the-counter bond bookkeeping system with distributed architecture to existing customers and new customers	1.2	Operating cash flow from the sale of over-the-counter bond bookkeeping system

Period	Business Plan	Investment Amount (RMB in million)	Funding Source
From July 2021 to February 2022	Continue promotion and upgrade of new version, refine subsystems for more succinct control and management, and establish analysis model for commercial banks and investors to evaluate and analyze investment risk and profitability	1.1	Operating cash flow from the sale of over-the-counter bond bookkeeping system
From March 2022 to December 2023	Continue to upgrade the system version to existing customers and promote the system to new customers	2.0	Operating cash flow from the sale of over-the-counter bond bookkeeping system
From January 2024 to June 2025	Leveraging the data technologies to conduct comprehensive evaluation and market trend prediction for the system, and recommend customized solutions to customers	2.0	Operating cash flow from the sale of over-the-counter bond bookkeeping system
From July 2025 to December 2025	Continue to upgrade the system version to existing customers and promote the system to new customers	2.6	Operating cash flow from the sale of over-the-counter bond bookkeeping system

We plan to improve our RPA solution by developing a screen recording module to enable review of robot software's actions and facilitate error spotting and process improvement. We also plan to improve the design process of robot software by using machine deep learning technologies to classify user actions and enabling robot software to efficiently repeat user actions. In addition to enhancing the existing functions of our RPA solution, we plan to develop RPA solution in the field of payment, channel processing, audit and other business lines for financial institutions, and add a new module of automatic business approval on our RPA platform to achieve automatic business approval for certain types of financial services, including consumer finance and account opening, to improve operational efficiency and lower the labor costs for financial institutions. We also plan to develop and commercialize new solutions or new function modules for financial institutions in response to changing regulatory and market environment. In particular, we are developing new modules of financial risk control, using NLP technologies to conduct intelligent auditing, financial risk early warning and anti-money laundering compliance on our RPA platform for financial institutions. The following table sets forth details of our business plan for our RPA solution, the total investment amount of which should be equivalent to 20% of the total net proceeds from the Global Offering.

Period	Business Plan	Investment Amount*	Funding Source
		(HK$ in million)	
2021	Develop a screen recording module that uses video capture technology to record the actions of robot software and generates video streams to enable review of robot software's actions and facilitate error spotting and process improvement Utilize advanced optical character recognition technologies to facilitate the recognition of financial instruments and achieve automatic business approval for certain types of financial services	22.8	Proceeds from Global Offering
From 2022 to 2023	Improve the design process of robot software by using machine deep learning technologies to classify user actions and enabling robot software to efficiently repeat user actions, which will greatly shorten the time incurred for the design process of robot software	28.8	Proceeds from Global Offering
2024	Develop new modules of financial risk control on the RPA platform to use NLP technologies to conduct intelligent auditing, financial risk early warning and anti-money laundering compliance for financial institutions	24.2	Proceeds from Global Offering
2025	Develop RPA operation center that meet both the financial regulation requirements and the business operation standards of financial enterprises, to expand the work scope coverage of the robot software	54.3	Proceeds from Global Offering

Note:

* The investment amount presented in this table is calculated based on estimated net proceeds from the Global Offering of approximately HK$650.1 million (after deducting underwriting commission and other estimated listing expenses payable by us, assuming an Offer Price of HK$3.71 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus and assuming that the Over-allotment Option is not exercised).

Along with our continuous development and optimization of our solutions, we plan to strengthen our sales and marketing efforts by, among others, organizing or participating in marketing events and recruiting more sales and marketing staff, to solidify our relationships with existing customers and building relationships with potential customers.

Develop healthcare IT solutions powered by data analysis and image and text recognition technologies

Benefited by favorable government policies in improving healthcare quality and addressing unbalanced distribution of medical resources in China, the market size of healthcare IT solutions in terms of sales revenue increased from RMB68.6 billion in 2015 to RMB230.3 billion in 2019 at a CAGR of 35.4%, and is expected to grow to RMB413.3 billion in 2021 and further to RMB1,261.6 billion in 2026, representing a CAGR of 27.5% from 2019 to 2026, according to the CIC Report. Leveraging the mature data collection applications in healthcare industry and driven by continuous development of innovative applications of big data analytics and AI technologies, the market size of innovative healthcare IT solutions in China in terms of sales revenue increased from RMB29.7 billion in 2015 to RMB116.6 billion in 2019, representing a CAGR of 40.8%, and it is expected to grow to RMB222.3 billion in 2021 and RMB778.1 billion in 2026, representing a CAGR of 31.1% from 2019 to 2026, according to the CIC Report. As an early mover in such market, we aim to continue to explore the opportunities in the healthcare IT solution industry to meet and exceed expectations of healthcare institutions by promoting our medical quality control and safety warning system, clinical pathway management system and other solutions.

As of December 31, 2019, there were 1,514 Class III Grade A hospitals in China, according to the CIC Report. We plan to expand our hospital customer base with a focus on Class III Grade A hospitals and continue to develop and upgrade our medical quality control and safety warning system. We plan to invest in advanced technologies, such as data collection and preprocessing, data analysis and data mining, data visualization, RPA, NLP, machine learning and image and text recognition, to deliver more precise analysis of healthcare quality. We intend to achieve intelligent data mining and management, healthcare service defect identification and disease database establishment. We also intend to collaborate with hospitals to train and enhance the models of our medical quality control and safety warning system in more diversified and complicated healthcare scenarios by expanding the data storage capacity of our system to receive and process more medical data. By enhancing the data processing capacity and the models of our system, we expect to achieve more comprehensive recording and tracking of medical data to help healthcare professionals make informed medical decisions and improve medical quality and assist healthcare institutions in strengthening the management of medical quality control. In addition, we intend to cooperate with domestic medical authorities and industry experts to develop medical quality control models and index system, which will be integrated into our medical quality control and safety warning system to provide meaningful guidance for medical practice and reduce the risk of medical malpractice. Leveraging the continuous development of our technological capabilities, we plan to (1) expand the capacity of our medical quality control and safety warning system by adding more indicators to our models to enable more efficient data processing based on massive medical data and establish flexible and diverse data models for multi-type and multi-dimensional data analysis, and (2) optimize the algorithm of the models to enhance the accuracy of medical data analysis.

We plan to upgrade our clinical pathway management system by applying technologies in deep learning and data mining to form models to analyze detrimental factors among different diseases for patients having more than one type of disease (e.g., antibiotics cannot be used for inflammatory treatment for patients with renal insufficiency; and high levels of glucose cannot be applied for treatment of ocular retinal disease on diabetic patients), advance prediction of disease variations during the diagnosis process and make suggestions of possible variations and treatment plans for healthcare professionals' reference. We also intend to establish clinical pathway standard system by having our system analyze and study the clinical pathway standards through machine deep learning, monitor the deviations, and analyze the causes for deviations and interventions, to facilitate rational diagnosis and treatment proposals. Through broader medical data analysis, we intend to include more types of diseases, including cholecystitis (inflammation of the gallbladder) and ulcerative colitis, in our clinical pathway management system and achieve automatic identification of diseases and introduction of respective effective treatment plans.

We also plan to continue to develop our telemedicine system by introducing new evaluation programs to our system, including program to assess patients' attention; and program for patients' self-evaluation of their rehabilitation process through mobile applications. We plan to introduce interactive module including mini games on mobile applications reflecting reactions of patients during the real-time assessment of patients with healthcare professionals. We also intend to focus on research and development of software to be used for computer chips utilized in brain disease area, wearable devices and technologies applied in health examination and diagnostic assistance.

Leveraging our existing technologies, we plan to develop a new solution of intelligent healthcare platform, which can support multi-source data integration, classification, storage, query and analysis, set up a standardized data sharing and exchange mechanism among healthcare institutions, achieve holographic presentation of patients' status, and enable the intelligent analysis of patients' disease pattern. Different from the medical quality control and safety warning system, which focuses on the monitoring and management of the behavior of healthcare professionals on the healthcare institution level, the intelligent healthcare platform emphasizes the tracking and sharing of patients' information and status among healthcare institutions. For example, by setting up a standardized data sharing and exchanging mechanism among healthcare institutions, we intend to enable different healthcare institutions to have access to the same patient's medical data in a unified form and simplify the medical record query process, through our intelligent healthcare platform. We believe such new solution will realize the interconnection of key information from different healthcare institutions, enable data sharing and research collaborations among hospitals, educational institutions and research institutes, and effectively collect and provide healthcare institutions with a wider range of data for medical research.

In addition, we intend to capitalize on new opportunities posed by the incoming 5G era, which will provide pervasive connectivity and expand the application scenarios of healthcare IT solutions, according to the CIC Report. Our technologies will be enhanced with support of the 5G technology, which enables fast, secure and reliable data transmission. The 5G technology will also lay a solid technical foundation for our telemedicine system, which relies on long-distance data transmission, and our new solution of intelligent healthcare platform, which aims to set up a standardized data sharing and exchange mechanism among healthcare institutions. We intend to recruit more sales and marketing staff with extensive skills in sales and marketing and profound understanding of healthcare IT solutions to promote the sales of our healthcare IT solutions and enhance our market expansion and penetration.

Strengthen technological capabilities

We will continue to invest in innovative application technologies to advance our efforts in the IT solutions for finance and healthcare industries. We plan to upgrade our in-house technological infrastructure to support our evolving research and development activities. We also plan to upgrade the distributed trading architecture to provide technical support to financial institutions for their development and upgrade of new business systems. For our healthcare IT solutions, we plan to achieve intelligent data mining and management on our medical quality control and safety warning system through high-precision applications of NLP, image and text recognition and DNN in medical semantic analysis, healthcare service defect identification and disease database establishment. We also intend to establish a research center to conduct research in the area of intelligent healthcare and develop new solutions of intelligent healthcare platform. We believe our efforts in research and development will enable us to continue our rapid growth and bring new solutions to the market.

We have recruited and trained high-caliber management and technical teams. We intend to continue to devote substantial resources to attracting and retaining talents, in particular, those who will join our technical team for the advancement of our medical quality control and safety warning system and other solution offerings. Specifically, we plan to recruit approximately 350 technical staff primarily focusing on the research and development, project execution and product promotion of our IT solutions for healthcare institutions and our RPA solution. See "Future Plans and Use of Proceeds – Use of Proceeds" for more details. We plan to improve our performance-based reward system and offer competitive compensation packages to retain and motivate key employees for sustained future growth. At the same time, we will strengthen our existing human resource management and continue to cultivate talented personnel to maintain and upgrade our technological capabilities in product innovation and operational optimization.

Pursue selective strategic alliances and investments

We intend to selectively pursue acquisitions and strategic alliances that can have complementary or synergistic effects on our current business in order to solidify our market leadership position in the industry and to enter into new markets. In selecting potential business partners and investment targets, we generally consider a variety of factors, including the suitability with our strategic planning, degree of potential synergies, market position, experience of management team, valuation, historical operating metrics and financial performance of the business partner and/or target. Our management plans to diligently evaluate such opportunities that may arise from time to time. We believe that strategic alliance and investments will drive our business growth, enhance our technological and operational capabilities, supplement our solution offerings, and expand our customer base in a cost-effective manner. As of the Latest Practicable Date, we have not identified any specific acquisition targets or strategic partners.

OUR BUSINESS MODEL

We offer a wide range of solutions and services to address the demands of financial institutions, healthcare institutions and other enterprises. Our product and service offerings during the Track Record Period can be categorized into software development services, technical and maintenance services and software sales. Based on our customers' needs, we may offer a combination of different types of services as a package.

- *Software development services.* We have been focused on software development services right after Mr. Zhai's acquisition of Beijing Newlink in December 2016 and have since developed a wide spectrum of solutions. We develop software that meet customers' requirements and can be integrated into customers' existing systems. Our agreements with customers for software development services generally require customers to settle contract price in installments based on project milestones or periodically. For settlement in installments based on project milestones, after negotiations, we generally receive 30% of the total contract price after the signing of the contracts, 30% after the delivery of our IT solutions, 30% after the installation and inspection conducted by our customers, and 10% after the operation of our IT solutions for one year. For periodic settlement, we generally receive quarterly or monthly installment payments based on actual workload incurred during the term of the contracts. We recognize revenue generated from our software development services over time, using an appropriate method to measure progress towards complete satisfaction of the services. For contracts with a fixed price, we use input method to recognize revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services. For contracts that billed a fixed amount for each hour of service provided, we use practical expedient to recognize revenue in the amount to which we have a right to invoice. We recognize trade receivables only when our right to an amount of consideration becomes unconditional (i.e., only the passage of time is required before payment of the consideration is due). Our contracts are either with a fixed price or billed at a fixed amount for each hour of service provided. Therefore, contracts without a fixed price refer to those billed at a fixed amount for each hour of service provided, for which we use practical expedient to recognize revenue in the amount to which we have a right to invoice.

- *Technical and maintenance services.* Our customers typically engage us for maintenance services following their purchase of our IT solutions to optimize system performance and identify and resolve errors and defects. During the Track Record Period, we provided maintenance services to 98.3% of our customers following their purchase of our IT solutions, excluding those in the warranty period. We also provide technical support services based on customers' needs, by deploying technical staff to work at customers' premises, resolve technical issues and ensure smooth operations of customers' existing systems. Our customers typically enter into annual agreements with us for our technical and maintenance services, pursuant to which our customers pay us equal quarterly or monthly installment payments during the term of the contracts. We recognize revenue generated from our technical and maintenance services over the scheduled period on a straight-line basis or based on the actual workload incurred.

- *Software sales.* We sell our self-developed software products to our customers based on their system specifications and requirements. Depending on terms of our contracts with customers, we generally receive lump-sum payments upon delivery and implementation of such software products. We recognize revenue generated from our software sales at the point in time when the right to use the software is transferred to our customers, generally upon their acceptance.

The majority of our revenue is generally recognized over time using the appropriate methods as mentioned above, while our invoice is generally issued by our finance department to our customers based on pre-agreed amounts at different progress stages prescribed in relevant contract. Upon receipt of our invoices, our customers start their internal payment process. Due to the nature of our services, it may take time to collect all the necessary documents to support the project progress (such as forms of acceptance issued by our customers at different stages of the projects) before we issue our invoices to our customers. Therefore, there is a time gap between our revenue recognition and issue of invoices to our customers.

In respect of the Group's revenue recognition, the Sole Sponsor had conducted the following due diligence work:

1. Reviewed the accounting standards in respect of revenue recognition and discussed with the Independent Auditor and Reporting Accountants of the Company to understand such accounting standards;

2. Discussed with the management of the Company (including the management team and the officers of the financial department of the Group) in relation to (i) the accounting policies adopted in relation to, among other things, the revenue recognition; (ii) the business operation and flow to further understand the adequacy and the appropriateness of the accounting policies adopted; and (iii) the process and time for the Company to issue invoice to the customers;

3. Discussed with the Independent Auditor and Reporting Accountants of the Company in relation to the accounting policies adopted by the Company, among others, the revenue recognition, and understand the adequacy and the appropriateness of the accounting policies adopted;

4. Reviewed invoices, timesheet, acceptance form and other supporting documents to ensure that the costs are directly attributable to the contracts examined and to understand there will be a time gap between the revenue recognized by the Company and the issue of the invoice;

5. Reviewed walkthrough documents including but not limited to the contracts, timesheet and acceptance form to understand the business arrangement between the Group and its customers, including project milestones, the procedures of issue of invoices, and collection of payment by the Group;

6. Conducted due diligence interviews with the Group's major customers to understand the business operation and transactions between the Group and its major customers, including but not limited to, the business flow of the issue of invoices by the Group and payment by the Group's major customers;

7. For due diligence works performed by the Sole Sponsor in respect of the Group's recoverability of the trade receivables, see "Financial Information – Discussion of Certain Items from the Consolidated Statements of Financial Position – Trade Receivables."

Having conducted the above due diligence work, the Sole Sponsor is not aware of any facts or findings that would affect the reasonableness of the Group's revenue recognition policies, including the reasons on the time gap between the Group's revenue recognition and the Group's delay in issue of invoice and the delay in payment by customers.

The following table sets forth a breakdown of our revenue by product and service type for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
Software development services	16,491	78.3%	88,667	73.5%	115,932	77.8%	43,211	77.0%	47,561	80.9%
Technical and maintenance services	4,575	21.7%	20,022	16.6%	18,899	12.7%	8,366	14.9%	8,778	14.9%
Software sales	–	–	11,882	9.9%	14,139	9.5%	4,575	8.1%	2,416	4.1%
Total	21,066	100.0%	120,571	100.0%	148,970	100.0%	56,152	100.0%	58,755	100.0%

Since Mr. Zhai's acquisition of Beijing Newlink in December 2016, we have been consistently focusing on providing software development services, technical and maintenance services and self-developed software products. Mr. Zhai previously worked in various leading software companies and accumulated more than 25 years of experience in the IT solution market and finance industry, which enabled him to quickly build up a network for the business expansion of Beijing Newlink subsequent to the acquisition and help Beijing Newlink get industry recognition and collaborate business relationships with potential customers in a relatively short period. Right after Mr. Zhai's acquisition, we have actively explored business opportunities by contacting potential customers, arranging on-site visits and providing presentations of our products and services and have gradually established our presence in the finance IT solution industry, built up our reputation and achieved business expansion in 2018 and 2019. Our selling and distribution expenses increased significantly from RMB0.6 million in 2017 to RMB3.2 million in 2018 and further to RMB6.5 million in 2019. Our selling and distribution expenses increased by 15.2% from RMB3.3 million in the six months ended June 30, 2019 to RMB3.8 million in the six months ended June 30, 2020. We have built up and expanded our sales and marketing team from one staff as of December 31, 2016 to 35 staff as of June 30, 2020.

Since December 2016, we have made significant investment in the development of key IT solutions to gain recognition and achieve success in target market segments, which we believe is critical for our long-term growth and business expansion. Our research and development expenses increased significantly from RMB3.2 million in 2017 to RMB10.5 million in 2018 and further by 36.2% to RMB14.3 million in 2019. Our research and development expenses decreased by 68.5% from RMB11.1 million in the six months ended June 30, 2019 to RMB3.5 million in the six months ended June 30, 2020 resulting from the impact of COVID-19. See "Financial Information – Period to Period Comparison of Results of Operations" for more details. Driven by our corporate strategy to focus on key IT solutions and benefiting from our management's industry insights, we have started the research and development of our medical quality control and safety warning system in 2017, which later witnessed significant market potential driven by various favorable governmental policies about medical quality control and healthcare data analysis. As we developed our system based on the customer's specific needs, we stood out among other competitors in the tendering process and successfully obtained our first engagement in the healthcare industry. With our proven track record of successful system deployment for our first healthcare customer and through our expansive market efforts, we then expanded the implementation of our medical quality control and safety warning system to 44 hospitals as of June 30, 2020 and entered into cooperation arrangements with 240 hospitals.

An experienced technical team with high execution capability is essential for the success of IT solution providers, according to the CIC Report. We have built up and expanded our technical team from 127 technical staff as of December 31, 2016 to 403 technical staff as of June 30, 2020. As of June 30, 2020, our technical team comprise (1) 328 technical staff primarily focused on IT solutions for financial institutions, who have extensive work experience in software development and project execution and previously worked in reputable software companies and had deep understanding of the IT infrastructure of financial institutions; (2) 73 technical staff primarily focused on IT solutions for healthcare institutions, who are familiar with the management and qualify control systems of hospitals and are experienced in software development and implementation; and (3) two technical staff primarily focused on the development of IT solutions for other enterprises, who have extensive work experience in the software development and project execution, especially in the field of enterprise management and finance systems. Key members of our technical team responsible for the research and development of our major IT solutions primarily include Mr. WU Kejie (吳克傑), Mr. PAN Zehua (潘澤華) and Mr. CHEN Xiang (陳翔), who are our technology supervisors. Mr. Wu joined us in October 2017. Prior to joining our Group, Mr. Wu held various positions including assistant to the president and software engineer in four reputable software companies, accumulating around 20 years of experience in software development and management; and he also had work experience at a commercial bank, accumulating over five years of experience in the finance industry. Mr. Wu has a bachelor's degree in applied mathematics. Mr. Pan joined us in October 2017. Mr. Pan previously worked at three reputable software companies, accumulating around 17 years of experience in management and over four years of experience in software development. Mr. Pan has a bachelor's degree in software development and application. Mr. Chen joined us in February 2019. Mr. Chen served as a software engineer, a product development manager and a technology supervisor at three reputable companies, accumulating over 15 years of experience in technology and project management and over six years of experience in software development. Mr. Chen has a bachelor's degree in software development and a master's degree in software engineering.

OUR KEY SOLUTIONS

We offer a comprehensive suite of customized solutions for financial institutions, healthcare institutions and other enterprises that aim to increase our customers' revenue, manage risks, improve efficiency, enhance service-quality and reduce costs. We integrate our industry expertise in finance and healthcare industries with our advanced technology to offer diversified solutions that our customers can adopt on a standalone basis or as customized to integrate into their existing systems. The following table sets forth our key solutions.

	Financial institutions	Healthcare institutions	Other enterprises
Key Solutions	***Traditional software-driven solutions[(1)]:*** • BEAI platform • Unified payment platform system • UnionPay card access and settlement reconciliation system ***Innovative software-driven solutions[(2)]:*** • Over-the-counter bond bookkeeping system • Distributed trading platform • RPA solution (solution powered by data analysis and image and text recognition technologies)	***Innovative software-driven solutions[(2)]:*** • Medical quality control and safety warning system • Critical values warning system • Clinical pathway management system • Telemedicine system	***Traditional software-driven solutions[(1)]:*** • Human resource management system • Budget management system • Project management system

Notes:

(1) Traditional software-driven solutions refer to solutions that facilitate the digitalization of various institutions focusing on the collection and storage of data, mainly based on software or locally deployed IT systems, according to the CIC Report.

(2) Innovative software-driven solutions include data-driven systems involving advanced analytics and technologies including cloud computing, AI, IoT, etc, where user data and feedbacks will be shared and analyzed for further applications, as well as IT solutions developed for newly-emerged businesses, according to the CIC Report.

The following table sets forth a breakdown of our revenue by industry sector of end users for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
IT solutions for financial institutions	20,676	98.1%	109,669	91.0%	126,974	85.2%	46,714	83.2%	53,053	90.3%
IT solutions for healthcare institutions	–	–	–	–	12,294	8.3%	4,024	7.2%	2,720	4.6%
IT solutions for other enterprises	390	1.9%	10,902	9.0%	9,702	6.5%	5,414	9.6%	2,982	5.1%
Total	21,066	100.0%	120,571	100.0%	148,970	100.0%	56,152	100.0%	58,755	100.0%

Driven by our IT technology, we provide comprehensive and integrated solutions for financial institutions, such as banks and trust companies. We continuously track our customers' various business needs and newly promulgated regulatory requirements to enable financial institutions to optimize their business and management process through our solutions. Our solution offerings for financial institutions can be divided into two categories of traditional software-driven solutions and innovative software-driven solutions, including solutions powered by data analysis and image and text recognition technologies.

We provide healthcare institutions with medical quality control and safety warning system, critical values warning system, clinical pathway management system and telemedicine system, which are customized for their daily operations and enable them to more efficiently and effectively measure and analyze the medical data, improve medical quality, lower the risk of medical malpractice and simplify the management and operation process. Our solutions for healthcare institutions can be implemented to a specific healthcare institution on a standalone basis as well as to a group of healthcare institutions to achieve medical quality control and monitoring in a centralized way among such group of healthcare institutions.

We also provide an array of solutions for general corporate use, such as the human resource management system, budget management system and project management system, in addition to our industry-specific solutions for financial institutions and healthcare institutions.

The table below sets forth the key features and functions of our key solutions, their major differences as compared to our other solutions and target customers.

Key Solutions	Key Features and Functions	Major Differences	Target Customers
Financial Institutions			
BEAI platform	• Achieve centralized business processing and management • Enable data transformation among sub-systems within a bank • Transfer and translate clients' requests to core business systems in unified formats • Monitor different service functions of branch banks • Connect with external systems	• Cover all aspects of the business operation process of banks • Monitor the operation of sub-systems	Banks
Unified payment platform system	• Process clients' payment requests through different front-end access channels in a unified system • Analyze payment instructions	• Focus on payment request processing	Banks and trust companies

Key Solutions	Key Features and Functions	Major Differences	Target Customers
UnionPay card access and settlement reconciliation system	• Connect with UnionPay center for settlement reconciliation • Collect settlement reconciliation demands from branch banks • Connect branch banks' systems with bank headquarters' core business systems for settlement reconciliation	• Focus on settlement reconciliation with UnionPay center	Banks
Over-the-counter bond bookkeeping system	• Enable banks to conduct over-the-counter bond bookkeeping issuance business • Collect bond purchase requests initiated by clients from various front-end access channels • Manage daily bond trading transactions • Connect with the system of the China Central Depository & Clearing Co., Ltd. to meet reporting requirements of MOF and PBOC	• Focus on assisting with the over-the-counter bond issuance business	Banks
Distributed trading platform	• Collect various service requests through a single unified entrance and facilitate transaction processing through a distributed database	• Focus on dealing with highly concurrent transactions and massive data	Banks, trust companies and asset management companies
RPA solution	• Create and distribute robot software responsible for task execution based on analysis of demands • Perform automatic data capturing, data input, data analysis, application log in, information query and document management • Self-monitor the execution process • Support manual audit or inspection	• Apply technologies to achieve process automation through robotic execution	Banks, trust companies and asset management companies

Key Solutions	Key Features and Functions	Major Differences	Target Customers
Healthcare Institutions			
Medical quality control and safety warning system	• Follow the medical quality standard developed by the NHFPC • Monitor healthcare professionals' behaviors on a real-time basis and identify risks of medical malpractice • Analyze medical data through models with medical quality indicators and standards • Monitor the physical conditions of key patients • Improve data management and provide precedent reference and guidance	• Cover all aspects of medical quality control • Provide performance evaluation of healthcare professionals	Used within a hospital or a group of hospitals
Critical values warning system	• Define critical values as abnormal examination results • Measure critical values and identify patients in life-threatening condition that must be treated urgently • Warn healthcare professionals for patients in emergency • Support post-crisis evaluation for healthcare professionals seeking for process optimization	• Focus on critical values monitoring and warning	Used within a hospital

Key Solutions	Key Features and Functions	Major Differences	Target Customers
Clinical pathway management system	• Design standardized treatment processes and clinical pathways for various types of diseases • Collect data for disease variations and make pathway adjustments • Monitor execution process and review treatment effect • Identify redundant treatment processes which usually lead to unreasonable or arbitrary charges	• Focus on the design, execution and management of clinical pathways	Used within a hospital
Telemedicine system	• Apply wearable device to achieve transmission of medical data • Enable real-time diagnostic consultations, instruction delivering and rehabilitation monitoring remotely • Shorten the duration of treatment and lower treatment costs for patients with limited access to healthcare services	• Focus on long-distance healthcare services provided by a hospital	Used within a hospital
Other Enterprises			
Human resource management system	• Assess employee performance based on analysis of records of employees' work performed • Calculate project labor cost • Check real-time labor availability and monitor operational process	• Focus on management of human resource	Corporate enterprises, such as software companies, logistics companies and automobile companies

Key Solutions	Key Features and Functions	Major Differences	Target Customers
Budget management system	• Conduct budget design, analysis, execution, control and evaluation • Evaluate the overall effect of budget from the perspective of operation objectives • Form standards of cost control and identify potential financial risks	• Focus on management of budget	Corporate enterprises, such as software companies, logistics companies and automobile companies
Project management system	• Store and manage all kinds of documents generated during the project execution • Support life cycle project procedures management • Achieve control of project progress	• Focus on management of project	Corporate enterprises, such as software companies

Solutions for financial institutions

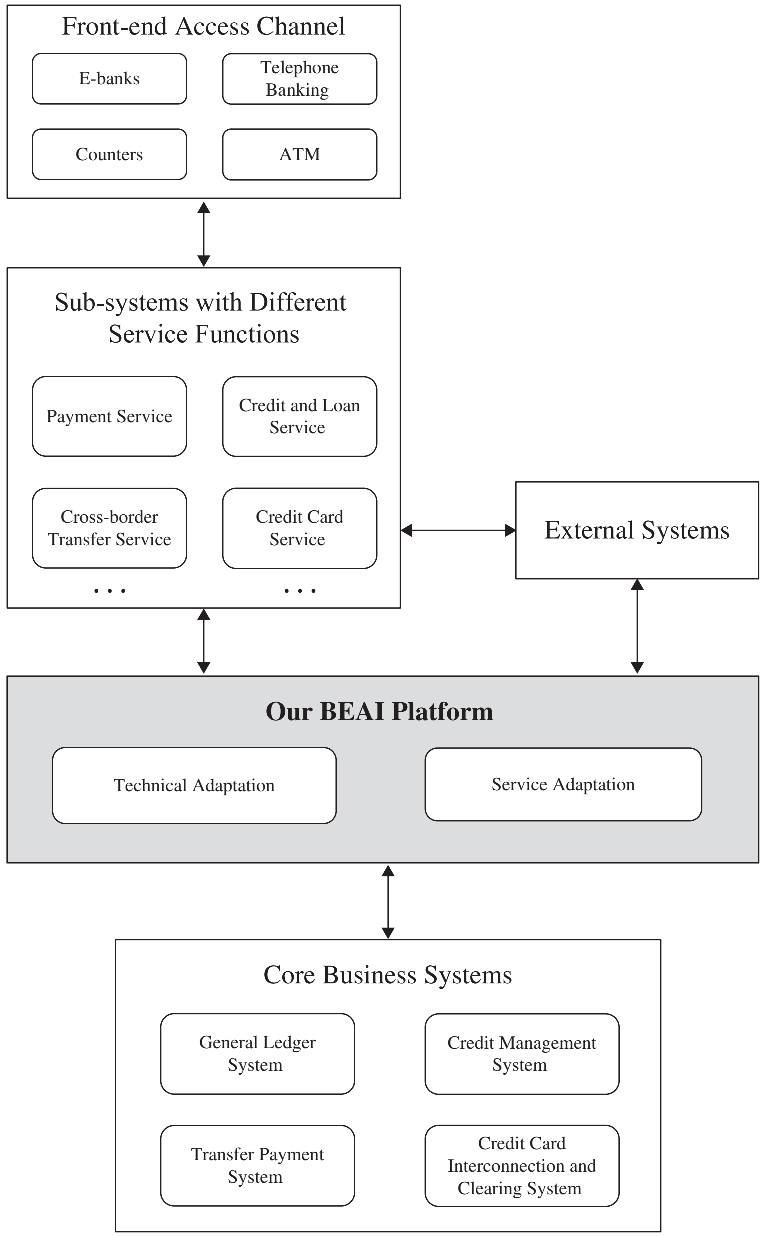
Our solutions for financial institutions can be divided into two categories of traditional software-driven solutions and innovative software-driven solutions, including solutions powered by data analysis and image and text recognition technologies. During the Track Record Period, we provided IT solutions for the use by over 80 financial institutions.

Traditional software-driven solutions

We strategically cover the key aspects of financial institutions' daily operations and management with our traditional software-driven solutions. Such solutions are highly customizable and scalable to financial institutions of any size and can seamlessly integrate within their daily workflows. Our traditional software-driven solutions include, among others, the BEAI platform, the unified payment platform system, the UnionPay card access and settlement reconciliation system, enterprise service bus system, data center system, audit platform system and customer relationship management system, which are solutions commonly used by financial institutions. These solutions help financial institutions to streamline their internal process, refine the data management and security management and enhance their financial performance.

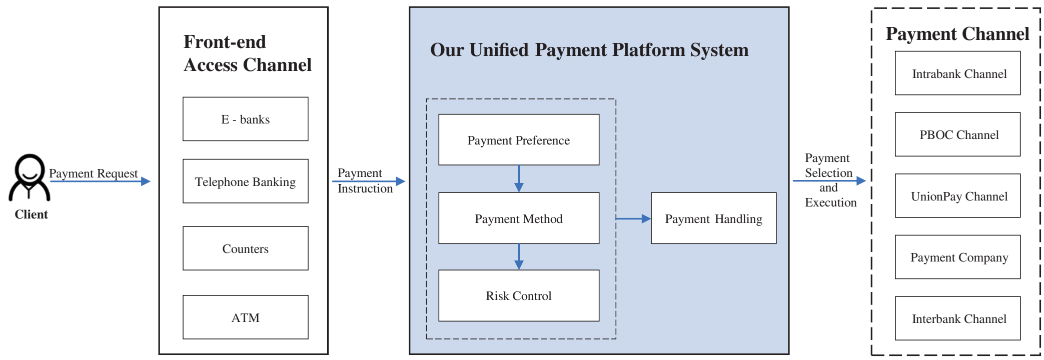
Our traditional software-driven solutions are generally project-based and delivered on-premise, and require customization based on the specific needs of each customer. During the Track Record Period, our traditional software-driven solutions were implemented in over 70 banks, trust companies, asset management companies and other financial institutions in China.

Below is a diagram illustrating how our BEAI platform, as a representative of our traditional software-driven solutions, functions.



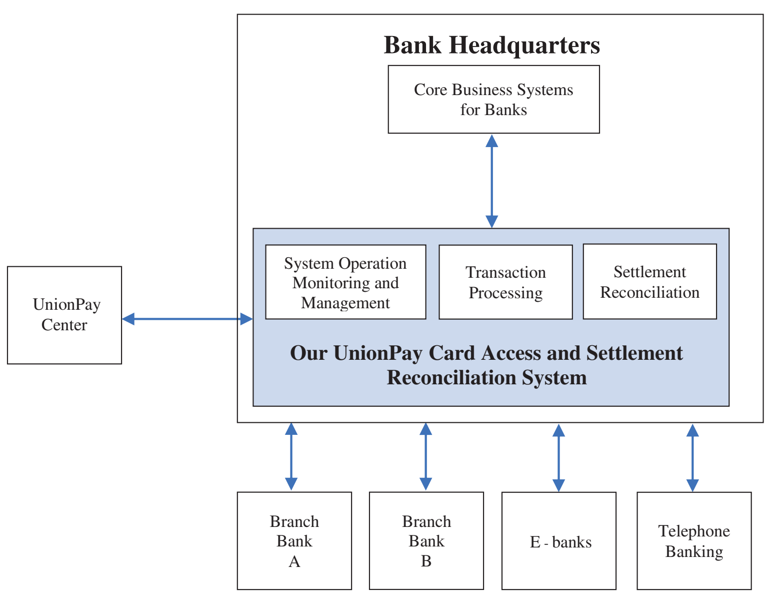
Our BEAI system acts as a bridge connecting our customers' core business systems with their sub-systems with different service functions, such as payment service, credit and loan service, cross-border transfer service and credit card service, and external systems, including systems of PBOC. Our BEAI system enables different systems to communicate in a consistent and manageable way to achieve data transformation. Specifically, with instructions received from various front-end access channels such as E-banks, telephone banking and counters, our customers' internal systems deliver specific client needs to our BEAI platform, which transfers and translates the needs to our customers' core business systems in unified formats for further processing through technical adaptation and services adaptation.

Below is a diagram illustrating how our unified payment platform system functions.



Our unified payment platform system enables our customers to process payment requests of clients through different front-end access channels in a unified system so that they do not need to establish different payment systems for different payment channels. Based on payment instructions received through different front-end access channels, our unified payment platform system determines payment preferences by taking into account payment efficiency, cost control or safety, selects suitable payment methods for single payment or payment in batches, and conducts risk control for key transactions. Based on such analysis of the payment instructions, our unified payment platform system handles payment requests in payment channels including intrabank channel, PBOC channel, UnionPay channel, payment company and interbank channel.

Below is a diagram illustrating how our UnionPay card access and settlement reconciliation system functions.



Our UnionPay card access and settlement reconciliation system enables banks to connect with the UnionPay center for settlement reconciliation purpose through a single and unified system, so that they do not need to establish multiple systems to connect each bank branch with the UnionPay center. Specifically, our UnionPay card access and settlement reconciliation system collects settlement reconciliation demands originated from branch banks, E-banks and telephone banking, consolidate such demands within the bank headquarters and delivers to the UnionPay center. Our UnionPay card access and settlement reconciliation system also connects systems of branch banks with core business systems of bank headquarters for settlement reconciliation.

Case Study for Customer A

Customer A is a national joint-stock commercial bank based in Beijing with business covering over 100 cities in China. Customer A was one of the top 100 banks in the world in terms of capital according to The Banker's Top 1000 World Banks ranking published in July 2019.

Customer A's requirements

Customer A aimed to upgrade its service system to integrate and effectively manage its service functions and connect with external systems. Specifically, Customer A planned to link its core business systems with various service functions, such as payment service, credit and loan service, cross-border transfer service and credit card service, as well as establish connections with external systems, to achieve effective operation management and efficient and secure data management with system flexibility.

Our IT solution

We offered Customer A with our BEAI platform, a centralized business processing platform and IT infrastructure, to achieve service system upgrade. Our BEAI platform helps Customer A integrate different sub-systems and achieve centralized management. By integrating various sub-systems with different service functions, such as payment service, credit and loan service, cross-border transfer service and credit card service, our BEAI platform decouples the sub-systems from each other while allowing them to communicate in a consistent and manageable way to achieve data transformation. With service-oriented instructions received from various front-end access channels such as E-banks, telephone banking and counters, the internal systems of Customer A deliver the specific client needs to our BEAI platform, which transfers and translates the needs to Customer A's core business system for further processing through technical adaptation and services adaptation. Customer A is also able to monitor different service functions of its different branches with a high level of data visibility. In addition, our BEAI platform increases organizational agility for Customer A by providing a scalable system that is able to connect with external systems, such as systems of PBOC, MOF and UnionPay, to achieve data communication and transformation with the internal sub-systems.

Project timeline and results

We have developed three generations of BEAI platform for Customer A over approximately two years of service. Our BEAI platform has helped Customer A achieve the following results:

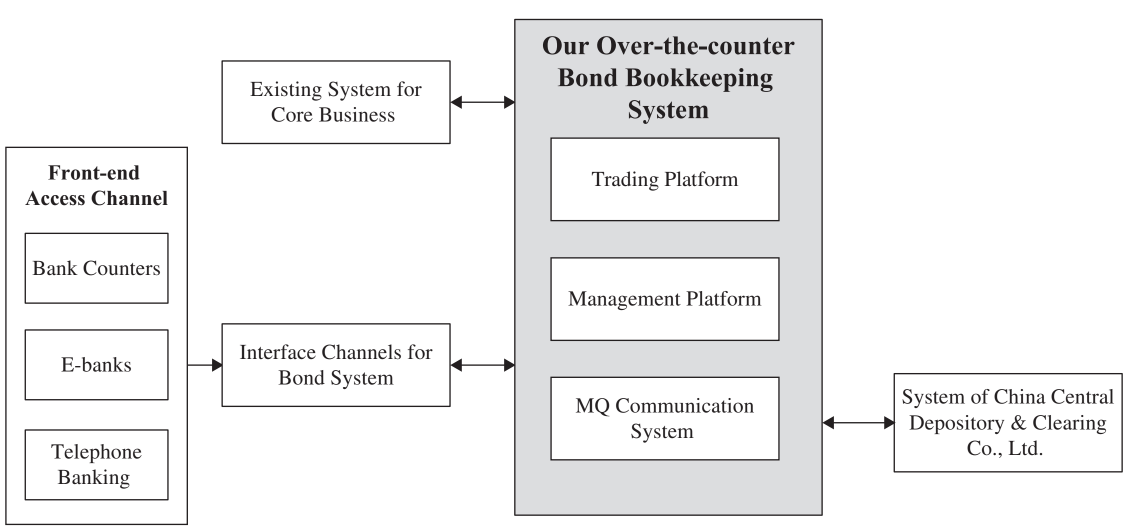
- achieved integration of 35 internal sub-systems and connection with nine external systems for 44 branches of Customer A;
- provided reliable technological infrastructure for Customer A's subsequent adoption of new business systems and thus accelerated its business expansion;
- facilitated a significant increase in data transformation within the BEAI platform; and
- lowered the annual expense of operation and maintenance relating to service system upgrade as our BEAI platform enables Customer A to integrate different sub-systems and achieve centralized management without conducting large-scale system integration and centralization projects, which usually involve high implementation, operation and maintenance costs.

Innovative software-driven solutions

We provide innovative software-driven solutions based on our extensive industry expertise and customer insight. We deliver enormous value to financial institutions by enabling them to expand into new market, develop new business stream and optimize operational efficiency. Our innovative software-driven solutions primarily include the over-the-counter bond bookkeeping system and distributed trading platform.

The over-the-counter business of local government bonds is a new type of commercial bank business, which has been promoted to an increasing number of commercial banks since the issuance of the Notice of Carrying out Over-the-Counter Business of Local Government Bonds on the National Interbank Bond Market by PBOC, MOF and China Banking and Insurance Regulatory Commission in November 2018. According to the CIC Report, as of March 31, 2020, there were 48 banks in the PRC that are qualified to carry out over-the-counter bond business, of which 17 banks engaged third party to provide over-the-counter bond bookkeeping system. PBOC and MOF require every bank that applies for the over-the-counter bond issuance business to install a set of over-the-counter bond bookkeeping system to ensure that a secure and stable transaction management system is in place before the relevant business is conducted. According to the CIC Report, over-the-counter bond bookkeeping system is defined as an innovative software-driven solution for financial institutions, primarily because it is specifically designed for over-the-counter business of local government bonds, which is a newly-emerged business type for commercial banks in China. Our over-the-counter bond bookkeeping system is specifically tailored for commercial banks' need to develop the bond issuance business. Our solution primarily comprises transaction subsystem, management subsystem, interface subsystem and reporting subsystem and can provide a reliable and secure system across full scope of the bond issuance business. Leveraging our management's industry insights and years' experience in the finance industry, we captured the growing demands for over-the-counter bond bookkeeping system from commercial banks, started our research and development for such system at the beginning of 2018 and registered the software copyright of such system in August 2018. Motivated by the favorable government policies to promote the issuance of local government bonds through over-the-counter business, commercial banks who lack the expertise and experience to deploy the over-the-counter bond bookkeeping system by themselves, seek to engage third-party vendors to provide such system, according to the CIC Report. With readily available system and experience in serving banks, we procured our first customer of over-the-counter bond bookkeeping system through direct engagement in August 2018 and since then have expanded our customers base of such system to nine customers as of March 31, 2020. As an early mover in the market, we launched our over-the-counter bond bookkeeping system in August 2018 and such system was implemented in nine banks as of March 31, 2020, representing 52.9% of a total of 17 banks that engaged third-party providers of over-the-counter bond bookkeeping system as of the same date, according to the CIC Report. We believe our extensive industry expertise and proven track record of successful system development and delivery in over-the-counter bond bookkeeping system form a substantial entry barrier for our competitors.

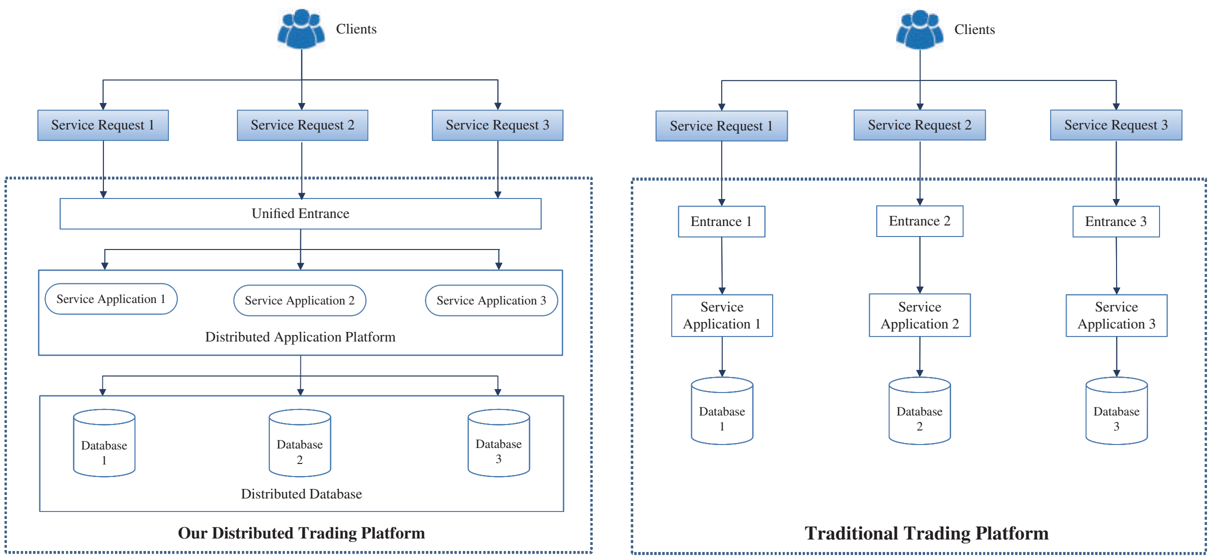
Below is a diagram illustrating how our over-the-counter bond bookkeeping system functions.



Our over-the-counter bond bookkeeping system consists of a trading platform, a management platform and a messaging queue (MQ) communication system. Our over-the-counter bond bookkeeping system helps banks to conduct over-the-counter bond bookkeeping services in a safe and efficient way. Specifically, our system collects bond purchase requests initiated by bank clients from various front-end access channels, such as bank counters, E-banks and telephone banking, through interface channels for bond system. The trading platform analyzes such bond purchase requests and the management platform helps manage the daily bond trading transactions through trading platform and management platform. Specifically, the trading platform utilizes distributed computing technology and distributed trading architecture to improve the processing efficiency. Leveraging distributed computing technology, the trading platform is able to conduct massive data collection, calculation and analysis for bond purchase requests. Under the distributed trading architecture, the trading platform is able to deal with highly concurrent bond purchase requests by rapidly distributing service requests to different service applications and distributed databases. In this way, our platform allows previously time-consuming operations to be performed in parallel across multiple databases, thus reducing transaction latency. Our system also features a messaging queue (MQ) communication system to connect our customers' systems with the system of the China Central Depository & Clearing Co., Ltd. to meet reporting requirements of MOF and PBOC for over-the-counter bond bookkeeping transactions.

We also provide distributed trading platform for financial institutions as a reliable, scalable and extensible technological infrastructure with strong computing power to help them overcome limitations of their traditional system and adopt new business scenarios and technological innovations in a way that is compatible with their existing infrastructure. According to the CIC Report, distributed trading platform is defined as an innovative software-driven solution for financial institutions for the following reasons: (1) distributed trading platform helps financial institutions to collect various service requests through a single unified entrance in response to newly emerging clients' needs for their newly-emerged businesses; (2) distributed trading platform utilizes advanced technology of distributed database and focuses on dealing with highly concurrent transactions and massive data, which is considered as a reform of the infrastructure compared with traditional trading platform; and (3) the adoption of microservice architecture and visual development platform in distributed trading platform allows financial institutions to develop and deploy new technological applications in a more efficient way. Our distributed trading platform treats different financial services as independent operation units to achieve unified management for financial institutions and allow them to combine different units as needed. It also features microservice architecture and visual development platform that allow financial institutions to develop and deploy new technological applications in an efficient way. In addition, our distributed trading platform has a unified management system covering resources, components, applications and services which simplifies the operation management of financial institutions. Our distributed trading platform utilizes distributed computing technology to improve the operation efficiency by engaging distributed and concurrent computing models for real-time massive data analysis. Featured by distributed trading architecture, our distributed trading platform abandoned the traditional centralized architecture into a distributed architecture based on microservice architecture technology. With our distributed trading platform, financial institutions are able to deal with highly concurrent transactions and increasingly massive data and adopt innovative technologies in a highly secure and reliable way in response to newly emerging clients' needs. Launched in June 2019, our distributed trading platform enhanced operational efficiency for two financial institutions as of June 30, 2020.

Below are diagrams illustrating the function of our distributed trading platform as compared to the traditional trading platform.



Our distributed trading platform helps our customers to increase their processing capacity and speed for their clients' service requests. Specifically, our distributed trading platform collects various service requests initiated by massive amounts of clients through a single unified entrance instead of multiple entrances for each request on traditional trading platform. Based on the analysis of the service requests, our system assigns each request to appropriate service applications for transaction processing and further place orders to distributed database to facilitate the process. With capabilities of rapid service request distribution and elastic resource expansion, our distributed trading platform has helped one of our customers integrate around 14 million pieces of client data and enabling massive users' access from various external terminals and systems. According to the CIC Report, compared with traditional trading platform, the distributed trading architecture enables more than five times higher processing speed when deploying same amounts of resources. When resource level expansion is needed to cope with sudden increase of traffic volume of service requests, the distributed trading platform can complete the horizontal expansion of existing resources at least ten times faster than the traditional trading platform, according to the CIC Report. Compared with traditional trading platforms, our distributed trading platform also enables our customer to reduce its research and development expenses by providing visual development platform and unified management for resources, components, applications and services, to simplify the operation management and enable our customer's technical team to quickly develop new businesses by deploying new technological applications in an efficient way.

Case Study for Customer B

Customer B is a national joint-stock bank based in Shanghai with business covering over 100 cities in China. Customer B was one of the top 50 banks in the world in terms of capital according to The Banker's Top 1000 World Banks ranking published in July 2019.

Customer B's requirements

As a qualified bank to develop new business in over-the-counter bond bookkeeping services, Customer B was required by government authorities to establish a safe, efficient and stable over-the-counter bond bookkeeping system before conducting the relevant business. Customer B aimed to implement a feasible system to manage the bond trading procedure, investor account and meet reporting requirements for external supervision by regulatory authorities.

Our IT solution

We offered Customer B with our over-the-counter bond bookkeeping system to enrich its bond offering functions, enhance its customer acquisition capability and expand sources of revenue. Our over-the-counter bond bookkeeping system consists of a trading platform and a management platform managing the daily bond trading transactions by connecting terminals, such as bank counters and E-banks through internal integration platforms with end users and bondholders through internal voice platforms. Our system also features a messaging queue (MQ) communication system to connect with the system of the China Central Depository & Clearing Co., Ltd. to meet reporting requirements of MOF and PBOC. We also provide Customer B with specific trainings related to our over-the-counter bond bookkeeping system to assist employees of Customer B in conducting relevant business and formulating plans to coordinate with regulatory authorities regarding the reporting duty.

Project timeline and results

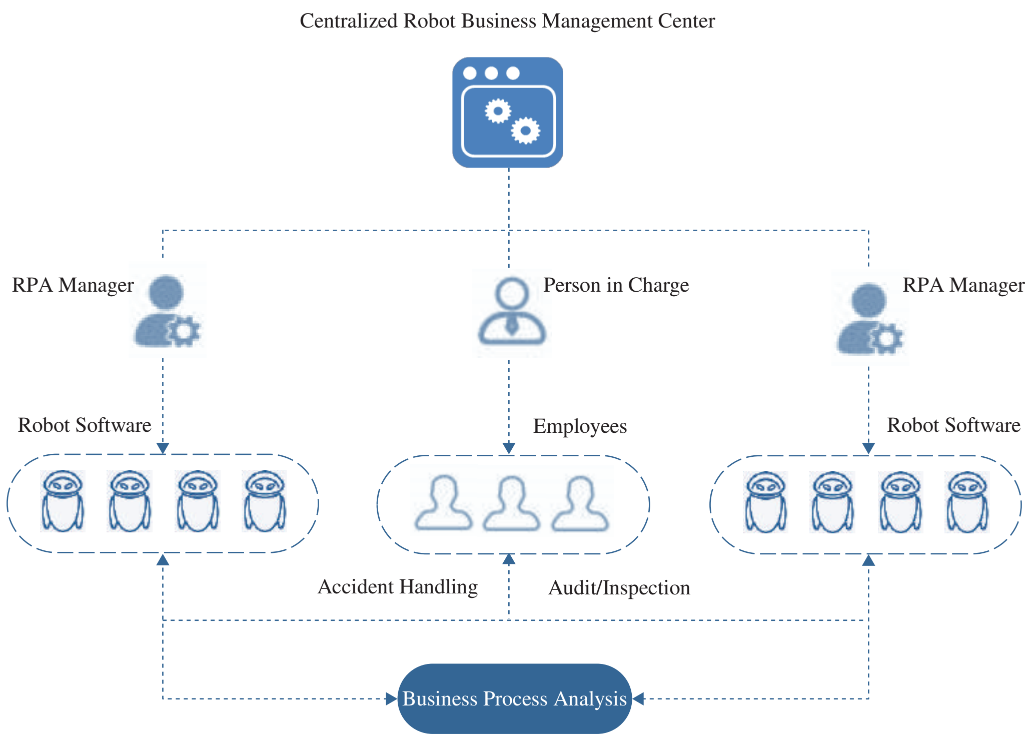
The project lasted for approximately four months. Our over-the-counter bond bookkeeping system has helped Customer B achieve the following results:

- produced a new revenue stream by the issuance of six kinds of different local government bonds;
- conducted 36 kinds of real-time over-the-counter bond bookkeeping trading;
- implemented 23 kinds of statistical query functions; and
- expanded its relationship with existing customers and acquired new customers by providing more financial products of high quality.

Solutions powered by data analysis and image and text recognition technologies

We provide solutions powered by data analysis and image and text recognition technologies, which is a category under our innovative software-driven solutions, to help our customers scale efficiently, reduce costs and improve customer satisfaction. A representative solution is our RPA platform, which enables our customers to improve operational efficiency by replacing labor intensive procedures by establishing process automation through robotic execution. According to the CIC Report, RPA solution is defined as an innovative software-driven solution for financial institutions, primarily because RPA solution is able to achieve process automation through robotic execution, by utilizing data technologies, including data collection and data analysis, and image and text recognition technologies, all of which are advanced technologies in the IT solution industry. Our RPA platform adopts centralized management and deployment to automate different tasks across our customers' systems. The robot software are programmed to automatically perform tasks and employees may conduct inspections and handle emergencies. Our RPA platform adopts the robot process automation technology, image and text recognition technology and data technologies to perform the functions of, among others, data capturing, data input, data analysis, application log in, information query and document management. As of June 30, 2020, our RPA platform was implemented in two top-tier financial institutions in China. According to the CIC Report, we also were one of less than ten domestic RPA solution providers for financial institutions in China that successfully commercialized RPA solution and generated revenue, as of March 31, 2020.

Below is a diagram illustrating how our RPA platform functions.



Our RPA platform consists of the centralized robot business management center responsible for collecting demands, creating and distributing the robot software, the robot software responsible for execution and the RPA manager responsible for monitoring the robot software. Our RPA platform also supports manual audit or inspection by the employees of our customers, who may inspect the operation results of the robot software and handle accidents.

Case Study for Customer C

Customer C is a large trust company based in Xi'an, Shaanxi province that provides professional trust-related financial services for hundreds of institutions and tens of thousands of individual investors in China.

Customer C's requirements

Large amounts of employee capacity of Customer C were occupied by repetitive work, such as regularly checking and recording cash flow and account balance information and keeping records for trading results, assets market value and other information for various trust-related transactions. Customer C aimed to lower its labor costs and error rate of such repetitive work by engaging an automatic processing system that is compatible with its existing systems.

Our IT solution

We offered Customer C with our RPA platform to improve operational efficiency and lower labor costs. Our RPA platform is able to conduct automatic and accurate data and picture recognition, query and capture, and thereby reduce demand of human power. Our RPA platform consists of the centralized robot business management center responsible for collecting demands, creating and distributing the robot software, the robot software responsible for execution and the RPA manager responsible for monitoring the robot software. Our RPA platform enables managers of Customer C to achieve business processing goals utilizing robot software assigned to each task through the platform, in replacement of human power. Based on the actual operational process of Customer C's business, our engineers program an array of rules and scripts to form work plans and procedures to guide and monitor our robot software in each task. For example, following the rule guiding the robot software from logging into the system to specific data capturing, our robot software executes all the process scripts automatically as scheduled to achieve automatic query of trading results and assets market value for trust-related transactions, and the entire procedure is monitored by the RPA manager to minimize error rate. Our RPA platform also supports manual audit or inspection by the employees of Customer C, who may inspect the operation results of the robot software and handle accidents.

Project timeline and results

The project lasted approximately nine months. Our RPA platform has helped Customer C achieve the following results:

- lowered annual labor costs in 2018;
- improved the accuracy of certain repetitive work;
- improved customer satisfaction and service quality; and
- integrated high-quality resources between business lines, refined common labor needs and provided a stable operating structure for all departments within Customer C.

Solutions for healthcare institutions

Prompted by favorable government policies, such as the Notice on Implementing the Key Action Plan to Further Improve Healthcare Services promulgated by the NHC in 2017 and the Opinions of the General Office of the State Council on Promoting the Development of Healthcare Services through Internet Technology promulgated by the State Council NHFPC in 2018, in strengthening medical quality control by the use of information technology, establishing medical information system based on data technologies and promoting clinical pathway management, our management captured the great market potential and the emerging opportunities in healthcare IT solution industry by strategically focusing on, and starting to develop, our healthcare IT solutions which aim to enable hospitals to analyze key clinical data, improve clinical effectiveness and lower the risk of medical malpractice. Compared to the finance IT solution industry, the healthcare IT solution industry in China is at a less developed stage but with great potential, according to the CIC Report. We applied our experience accumulated in software development for financial institutions in areas including data collection and preprocessing, data analysis and data mining, data visualization, NLP and text recognition, to the development of healthcare IT solutions. We also enlarged our technical team by recruiting engineers and project managers with experience in healthcare-related software development and healthcare information project management. We launched our first healthcare IT solution, namely the medical quality control and safety warning system, in November 2018. We have since introduced our other healthcare IT solutions, primarily including our critical values warning system, clinical pathway management system and telemedicine system. During the Track Record Period, we provided healthcare IT solutions for the use by 53 healthcare institutions.

Medical quality control and safety warning system

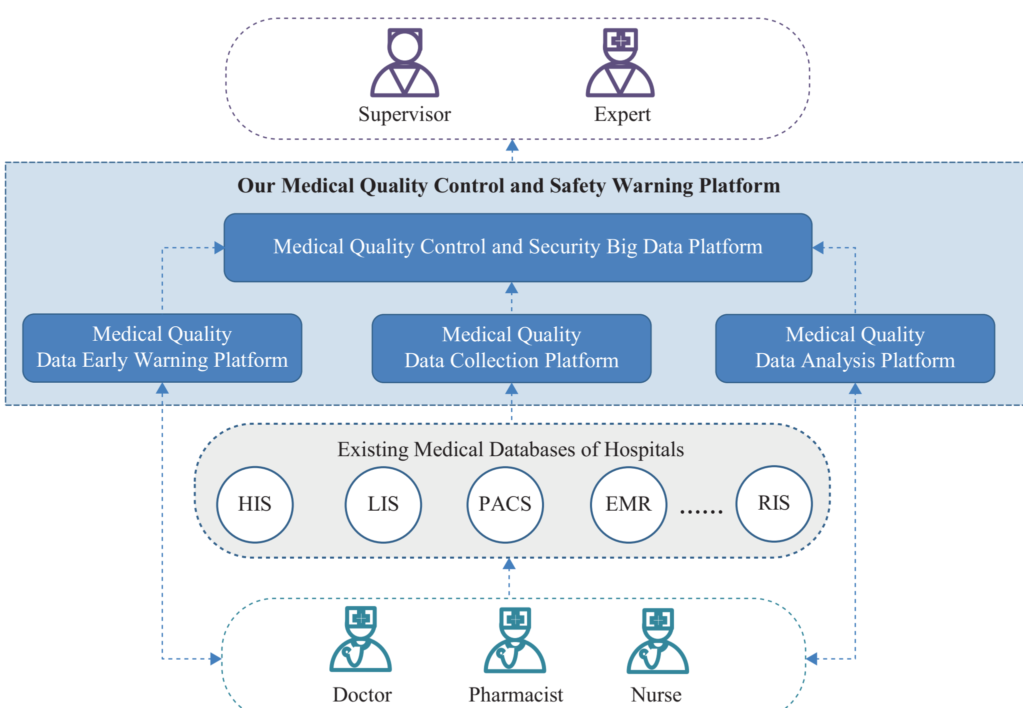
We have developed a comprehensive and integrated medical quality control and safety warning system for healthcare institutions to strengthen the management of medical quality control. According to the CIC Report, medical quality control and safety warning system is defined as an innovative software-driven solution for healthcare institutions for the following reasons: (1) the system utilizes data technologies, including data analysis and data visualization, which are advanced technologies in the IT solution industry; and (2) the system monitors healthcare professionals' behaviors on a real-time basis and identifies risks of medical malpractice, to assist the healthcare institutions to transform traditional passive post-accident correction to active warning in advance to optimize the process of crisis management of hospitals. Application of data technologies of real-time massive data collection, preprocessing and calculation enables our system to integrate all kinds of medical data, conduct statistical analysis and achieve real-time safety early warning. By achieving medical data acquisition, statistical analysis and warning release, our medical quality control and safety warning system forms an integrated medical quality supervision and real-time safety early warning analysis platform covering all hospital departments and units. Meanwhile, our evaluation model and early warning model of the system utilize distributed computing technology to conduct massive data calculation, generate index results, and conduct evaluation and early warning analysis. Our analysis model of the system utilizes data analysis and data mining technologies to generate real-time calculation results. For medical records, inspections and other unstructured data, our system utilizes targeted modeling and data analysis technologies to analyze and identify hidden risks. Our system also utilizes data visualization technology to display diagrams and charts to enhance the intuitiveness of the data results for early warning purpose. According to the CIC Report, before adopting medical quality control and safety warning system, supervisors and department directors at hospitals can only evaluate performance of healthcare professionals and take remedial actions after medical accidents happen due to the lack of access to real-time statistics of healthcare professionals' behavior during the treatment process. By enabling supervisors and department directors at hospitals to monitor the behavior of healthcare professionals on a real-time basis, our medical quality control and safety warning system can timely release warnings to inform supervisors and department directors once it identifies risks of medical malpractice, such as irrational use of medicines, improper diagnosis and excessive or negligent treatment. In this way, our system enables hospitals to effectively transform passive post-accident correction to active warning in advance to optimize the process of crisis management of hospitals. As of June 30, 2020, our medical quality control and safety warning system was implemented in 44 healthcare institutions.

We procured our first customer in the healthcare industry, a Class III Grade A hospital in Chongqing with over 3.8 million annual outpatient visits and over 110,000 surgeries performed annually, by participating in the tendering process, developing our medical quality control and safety warning system based on customer's needs and conducting online simulation to demonstrate the functions of our system. After comprehensive evaluation of the products presented by supplier candidates, the hospital granted us the project. With our proven track record of successful system deployment for our first healthcare customer and through our marketing efforts including conducting over 70 product presentations and other types of product promotion events, participating tendering processes of over 15 potential customers and attending two large healthcare forums and conferences in 2018, 2019 and the six months ended June 30, 2020, we expanded the implementation of our medical quality control and safety warning system to 44 hospitals, 29 of which were Class III Grade A hospitals, as of June 30, 2020. A team of four sales managers with healthcare-related sales and marketing experience led by Ms. QIN Yi, our executive Director and deputy general manager, is responsible for procuring and liaising with our customers in the healthcare industry. See "Directors and Senior Management – Board of Directors" for details.

Our medical quality control and safety warning system enables hospitals to lower the risk of medical malpractice, improve operational efficiency and achieve centralized information management within a group of hospitals. By quantifying medical quality through the medical quality standard system and other regulations developed by the NHFPC, our system helps hospitals optimize the medical quality management process and improve operational efficiency. Based on the medical quality standard system, we have established several models with various kinds of medical quality indicators and standards, including standard model, analysis model, evaluation model and early warning model to interpret and analyze the medical data gathered from HIS, EMR and other medical databases and provide report and guidance for healthcare institutions. Leveraging the integration of expertise in healthcare industry with the text recognition and data capturing and analysis capabilities gained from the application of technologies of NLP and DNN, our system identifies risks of medical malpractice, such as irrational use of medicines, improper diagnosis and excessive or negligent treatment. Meanwhile, our system also adopts image and text recognition technology to identify and extract key information in medical records, examination results and other data, applying natural semantic and medical semantic recognition technology to identify and analyze key information in medical records for evaluation model. In this way, our system enables hospitals to monitor the behavior of healthcare professionals to lower the risk of deviating from standards in the healthcare profession. In addition, our system enables the management and control of medical quality in a centralized and systematic manner within a group of hospitals.

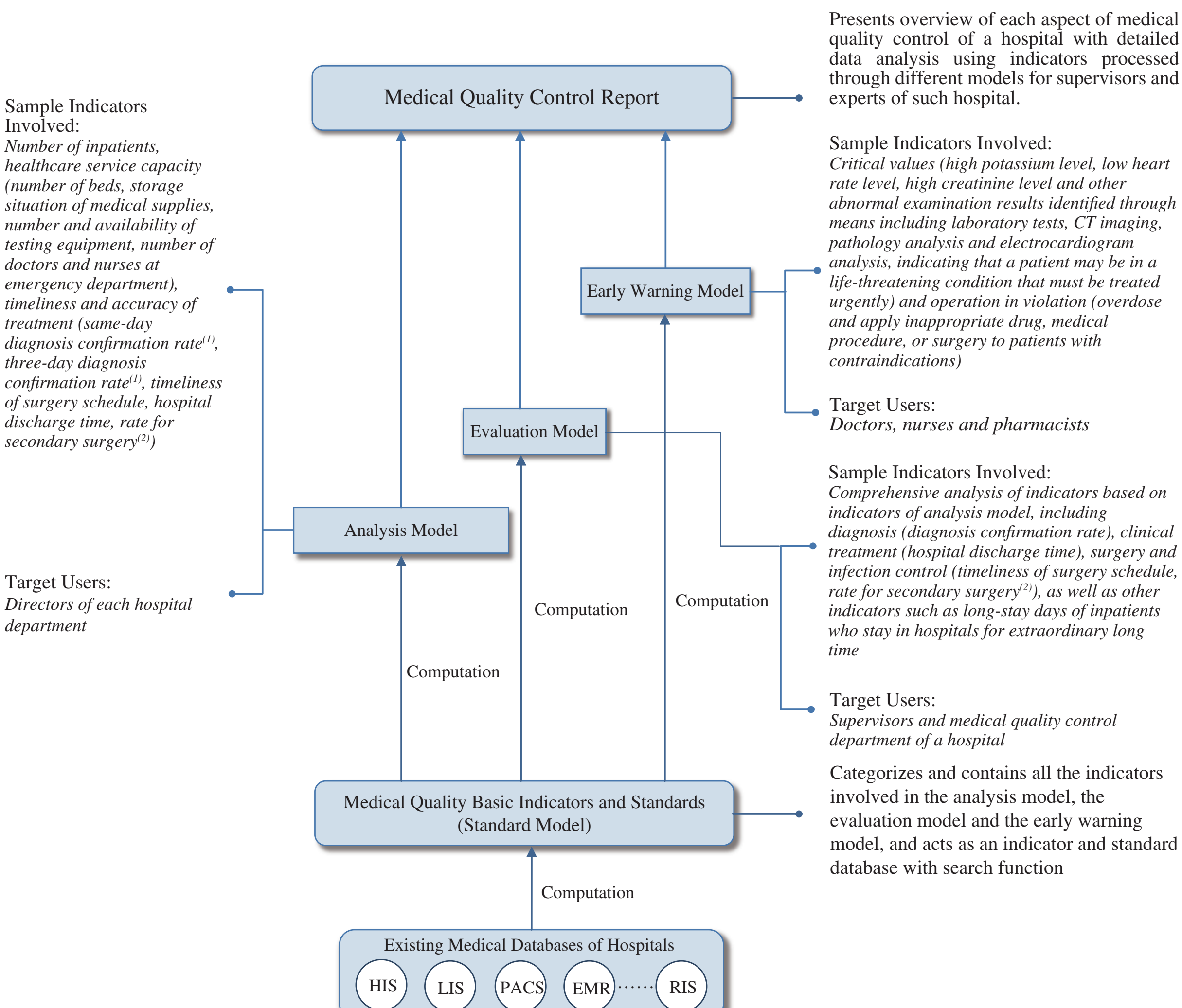
Our medical quality control and safety warning system aims to benefit patients by lowering the risk of medical malpractice and offering more access to quality and targeted healthcare services by enabling healthcare professionals to have comprehensive understanding of patients' physical conditions based on statistical analysis of medical data provided by our system and provide treatment tailored for patients' unique needs. Enabling hospitals to monitor medical quality of healthcare professionals, our system helps make improvements to medical quality and reduce risk of medical disputes caused by medical malpractice. We are dedicated to continuously optimizing our system to utilize data processed by our system to perform medical analysis and provide precedent reference and guidance for healthcare professionals in underdeveloped areas with limited medical knowledge and experience to help reduce disparities in the access to healthcare services for patients with low socioeconomic status. According to our agreements with healthcare institutions, we only provide software development services and technical and maintenance services to help healthcare institutions design systems and conduct analysis based on data collected from the existing medical databases of healthcare institutions. We are not involved in the medical practice by the healthcare institutions and their professionals and are not responsible for the authenticity of the data collected from the existing medical databases of such healthcare institutions. Healthcare institutions and their professionals make their own judgments and analysis during the treatment process. As advised by our PRC Legal Advisors, we shall not be liable under the agreements and PRC laws and regulations if the healthcare institutions and their professionals follow the analysis generated from our systems which results eventually in medical disputes or litigations.

Below is a diagram illustrating how our medical quality control and safety warning system functions.



Our medical quality control and safety warning system automatically collect medical data from our customers' existing medical databases, such as HIS, LIS, PACS, EMR and RIS, through our medical quality data collection platform and conduct data analysis and delivery of early warning notices to healthcare professionals through our medical quality data analysis platform and our medical quality data warning platform, and forms integrated evaluation and generates medical quality control reports through our medical quality control and security big data platform to achieve management and control of medical quality in a centralized way.

Below is a diagram illustrating how the models in our platforms of our medical quality control and safety warning system function.

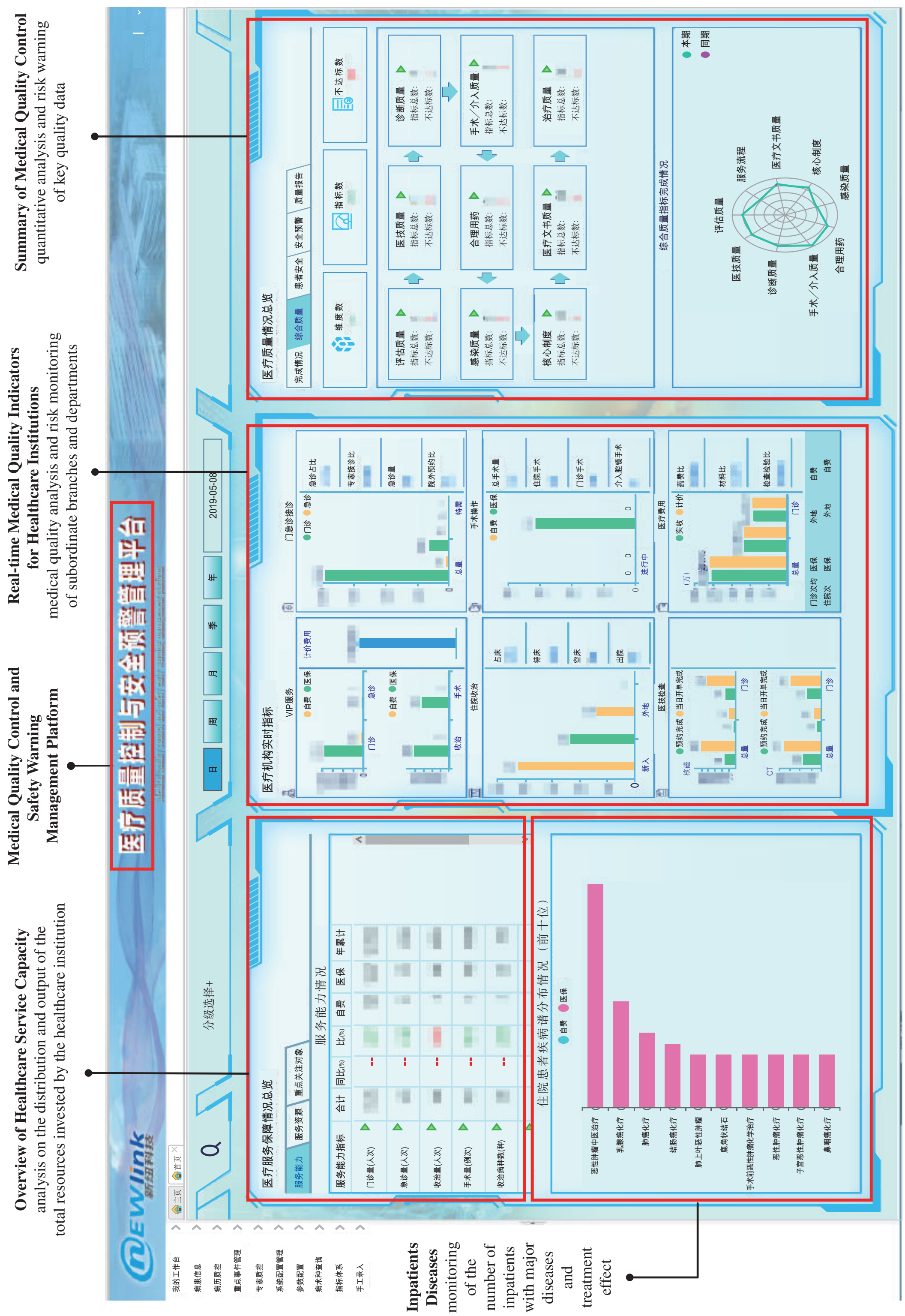


Notes:

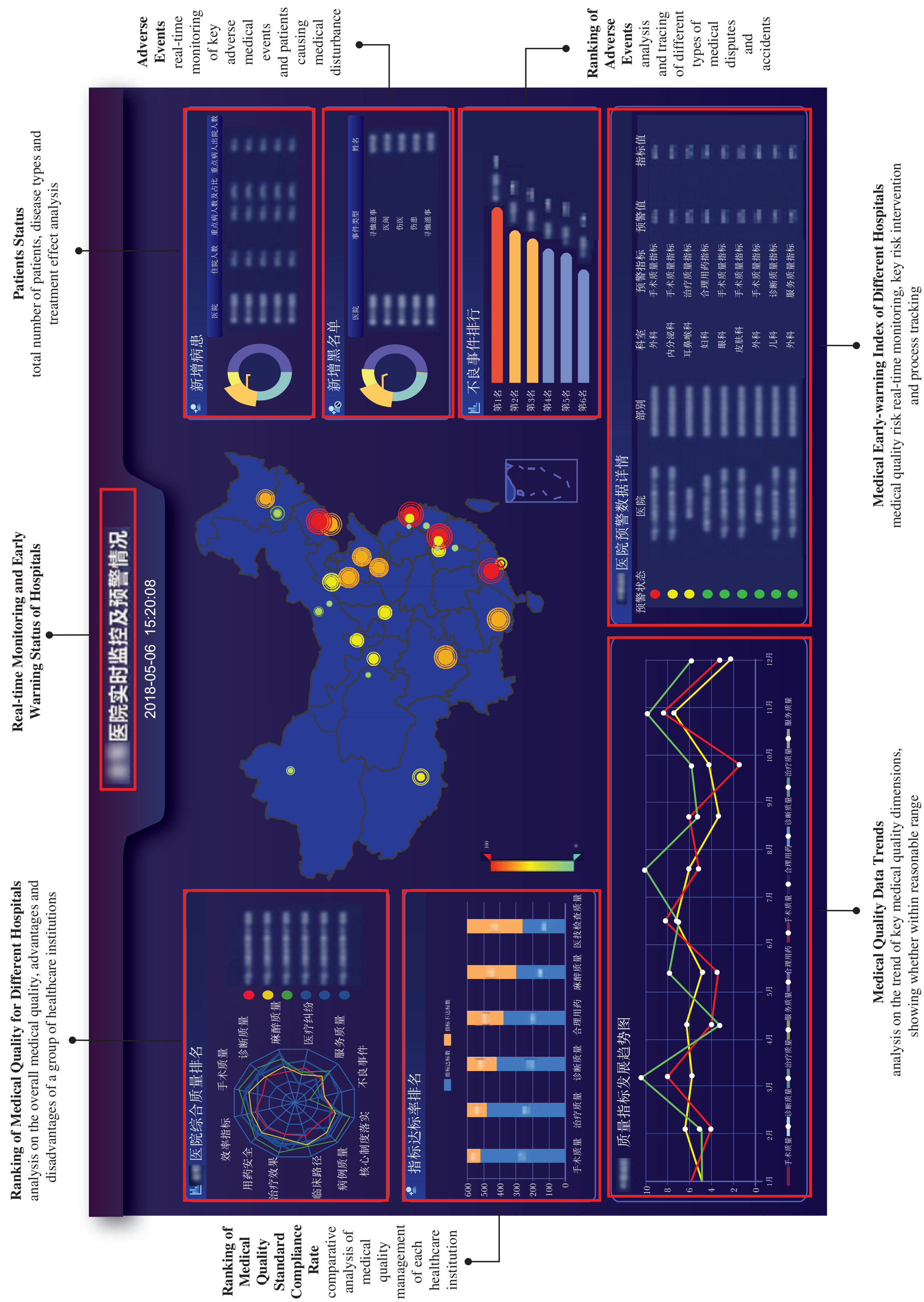
(1) If the diagnosis confirmation rate of a hospital or a hospital department is lower than the value of the relevant index in our medical quality control and safety warning system, it indicates that the healthcare professionals in such hospital or hospital department are not able to confirm diagnosis so as to provide treatments for patients promptly, which may lead to medical quality issues.

(2) If the rate for secondary surgery of a hospital or a hospital department is higher than the value of the relevant index in our medical quality control and safety warning system, it indicates that the surgery success rate in such hospital or hospital department is comparatively low, which may lead to medical quality issues.

Below is a screenshot of our medical quality control and safety warning system for a specific hospital, showing the real-time status of medical quality control within such hospital.



Below is a screenshot of our medical quality control and safety warning system for a group of hospitals, showing the real-time status of medical quality control within such hospital group in a centralized way.



Case Study for Customer D

Customer D is a Class III Grade A hospital located in Beijing with the highest level of medical quality control in China and approximately 4.9 million annual outpatient visits, according to the CIC Report.

Customer D's requirements

Customer D planned to improve its medical quality management procedure from spot-checking to covering all its patients and achieve pre-accident warning with medical data visibility to benefit real-time medical decision making. Specifically, Customer D aimed to improve the healthcare services for patients of diverse therapeutic areas across multiple phases by introducing a system that is able to securely analyze each patient's information and medical data from its existing medical databases, including HIS and EMR, on a real-time basis, closely monitor physical conditions of patients and timely release warnings, efficiently manage the medical quality of healthcare professionals and achieve centralized information management.

Our IT solution

We provided Customer D with our medical quality control and safety warning system to comprehensively improve its healthcare services. We developed our medical quality control and safety warning system by following the medical quality standard system and other regulations developed by the NHFPC. With the embedded medical quality standard, our system evaluates performance of healthcare professionals at Customer D and helps lower the risk of medical malpractice in different stages, including diagnosis, medication, surgery, nursing and rehabilitation. For example, by analyzing medical records written by doctors, our system not only raises red flags for late records input by doctors; but also determines whether a patient is instructed to receive medications appropriate to the clinical needs, for an adequate period, and at the cost of appropriate level, thereby promoting the rational use of medicines.

By monitoring the physical conditions of key patients in real time, our system functions as an early warning indicator allowing healthcare professionals at Customer D to identify potential patient safety events, make informed medical decisions and take actions at early stage. Specifically, with the establishment of several models to interpret medical data and application of technologies of NLP and DNN, our system sets up over 450 indicators including weight, blood pressure, heart rate, blood cholesterol level, antibiotic resistance and personal indicators specifically designed for each patient, to conduct comprehensive evaluation of patients and achieve risk-tracking. By timely recording and analyzing medical data of patients, our system also enables healthcare professionals at Customer D to avoid deviations in treatment plans caused by information gap or discontinuity for patients treated by different hospital departments previously.

In addition to benefiting patients at Customer D, our medical quality control and safety warning system also contributes to the operation management of Customer D by improving its data management and lower labor costs. Our system assists Customer D in establishing medical databases and medical risk early warning and forecasting model by acquiring and analyzing the medical data from its existing medical databases. With the application of technologies in text recognition and medical data analysis through input from medical databases, our system also generates medical quality control reports automatically, thereby helps Customer D reduce labor costs in relation to medical risk identification and analysis and medical quality supervision.

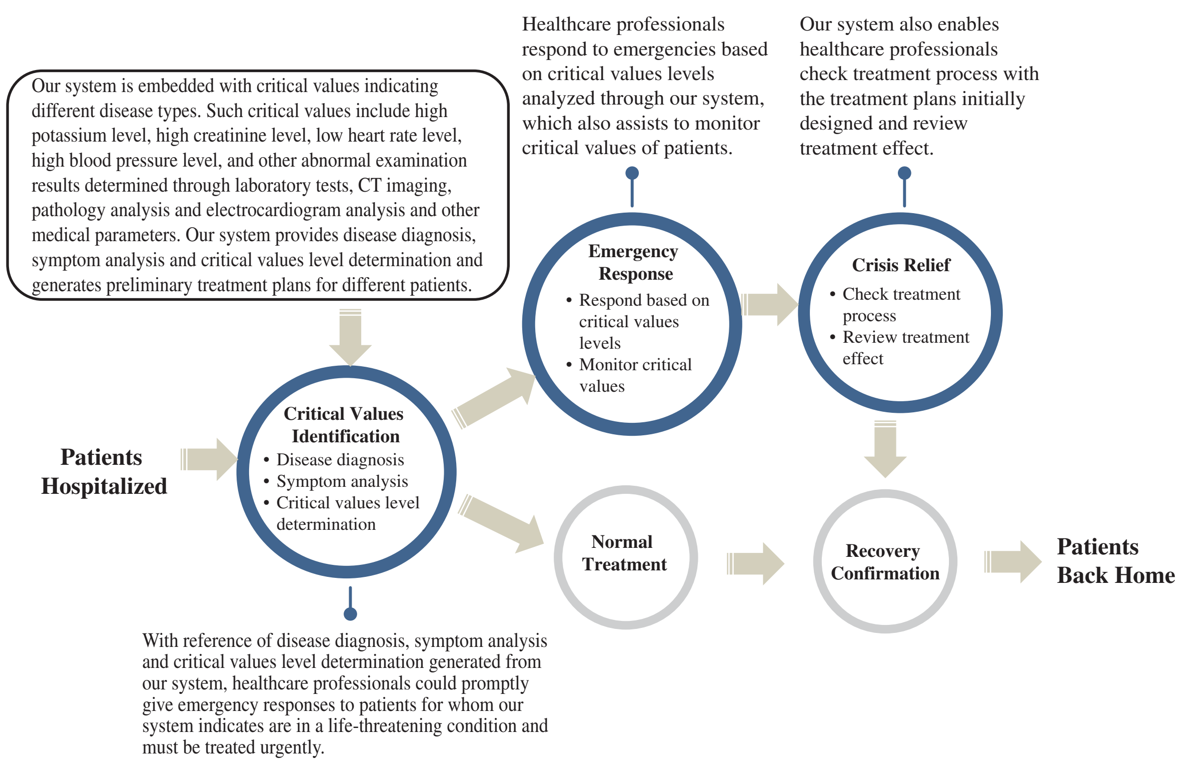
Project timeline and results

We have deployed our medical quality control and safety warning system for Customer D, and expect to finalize our on-site testing by the end of 2020. Our medical quality control and safety warning system aims to help Customer D reduce risk of medical disputes caused by medical malpractice, improve the diagnostic accuracy and lower the patient complaint rate.

Critical values warning system

Our critical values warning system focuses on the crisis management to enable our customers to timely respond to emergencies. According to the CIC Report, critical values warning system is defined as an innovative software-driven solution for healthcare institutions for the following reasons: (1) the system utilizes data technologies, including data analysis and data visualization, which are advanced technologies in the IT solution industry; and (2) the system could help improve the traditional operation flow for hospitals by identifying critical values and optimizing the process of crisis management. Following the industry practice, our critical values warning system defines critical values as abnormal examination results, through means including laboratory tests, CT imaging, pathology analysis and electrocardiogram analysis, indicating that a patient may be in a life-threatening condition that must be treated urgently. Our system utilizes the distributed computing technology to obtain the analysis results, and utilizes data analysis technology to calculate the critical values for patients. Critical values are measured in huge amounts of medical indicators describing the physical condition of a patient with each indicator pairing with a unique treatment procedure. By integrating all kinds of treatment procedures of different medical indicators after analyzing large amounts of and varied medical data and discovering patterns and correlations using data mining technology, our critical values warning system provides quick hints to doctors and enable them to respond timely and accurately. Our critical values warning system also adopts data visualization technology to support post-crisis evaluation for doctors seeking for process optimization, where all the critical values during the entire process can be dynamically displayed and tracked. Different from our medical quality control and safety warning system, which focuses on the overall management of medical quality for hospitals and deploys critical value only as one of the many dimensions of indicators used throughout the whole treatment process, our critical values warning system is a standalone system that enables healthcare professionals to promptly give emergency responses to patients who might have a life-threatening condition and must be treated urgently.

Below is a diagram illustrating how our critical values warning system functions.

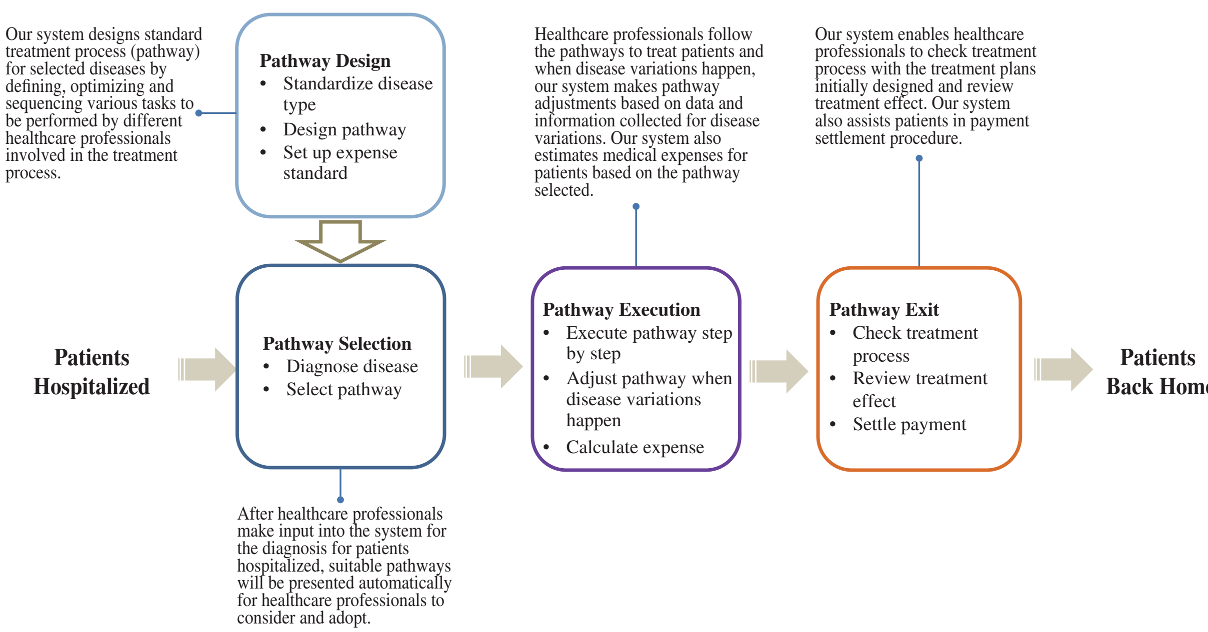


By identifying critical values and optimizing the process of crisis management, our critical value warning system provides important data and information source for our medical quality control and safety warning system. As the two solutions have synergistic effects, we may provide tie-in sales to implement both the systems for healthcare institutions. As of the Latest Practicable Date, our critical values warning system was implemented in a Class III Grade A hospital with the highest level of medical quality control in China.

Clinical pathway management system

We provide a clinical pathway management system to promote organized, efficient and affordable patient care at reasonable price level through greater standardization of treatment regimens for hospitals. According to the CIC Report, clinical pathway management system is defined as an innovative software-driven solution for healthcare institutions for the following reasons: (1) clinical pathway management system utilizes data technologies, including data analysis and data visualization, which are advanced technologies in the IT solution industry; and (2) clinical pathway management system could identify redundant treatment processes, which usually lead to unreasonable or arbitrary charges, and improve the treatment regimens for hospitals. By providing quantitative analysis of diagnosis plan and treatment process of different diseases utilizing data collection and preprocessing technologies, our clinical pathway management system monitors the behavior of healthcare professionals by checking with standard diagnosis plan and treatment process for diseases and identifying any deviation. During the process, our system utilizes the distributed computing technology to conduct massive data calculation for targeted clinical pathway calculation for specific patients, and utilizes data mining technology to identify healthcare professional behavior patterns when they serve for different patients. Furthermore, our system adopts data visualization technology to convert data into graphics or images for display in order to better track and monitor healthcare professional behavior during the entire treatment process. Also, by recording detailed healthcare procedures and schedules, our clinical pathway management system also enables patients to gain understanding of the healthcare services received and promotes communication between patients and healthcare professionals. In addition, by helping standardize the treatment process of different diseases, our clinical pathway management system assists in promoting reasonable charges for healthcare services by identifying redundant treatment processes which usually lead to unreasonable or arbitrary charges. As of the Latest Practicable Date, our clinical pathway management system was implemented in a Class III Grade A hospital with the highest level of medical quality control in China.

Below is a diagram illustrating how our clinical pathway management system functions.

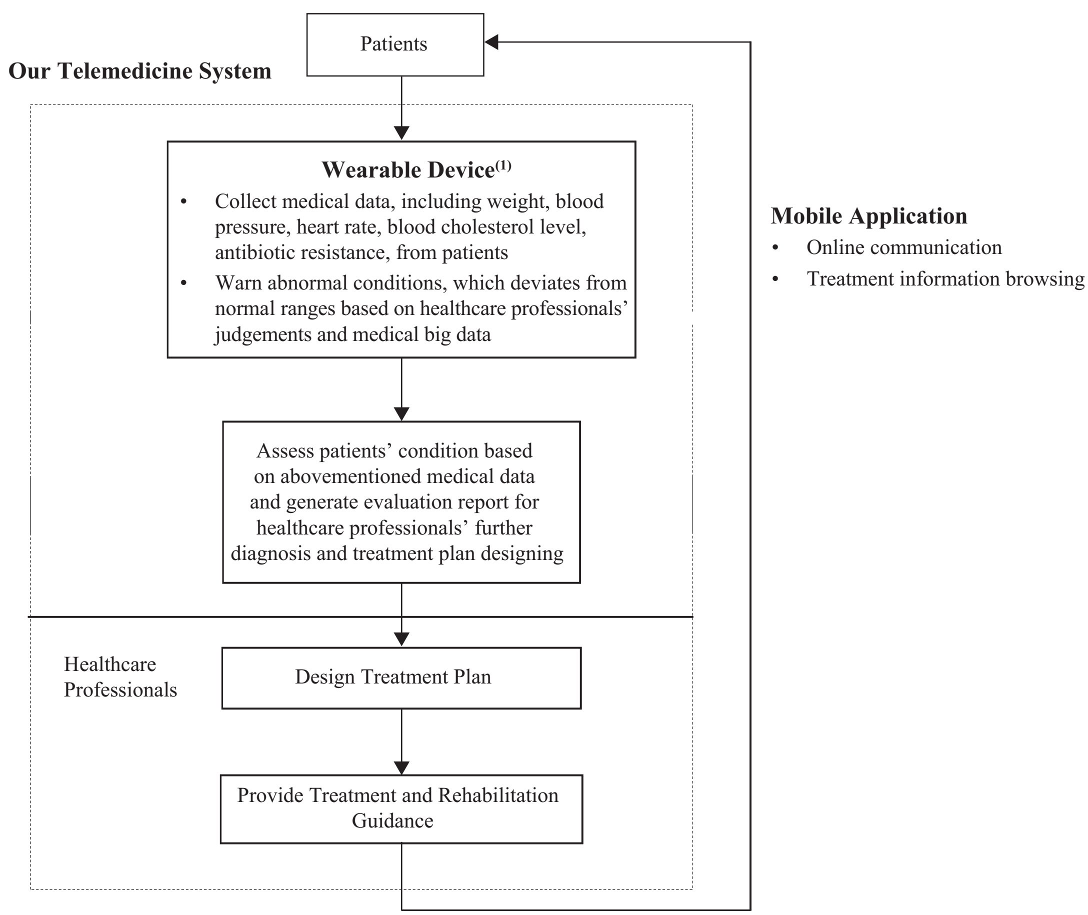


Our clinical pathway management system designs the standard treatment processes, or the pathways, for selected diseases by defining, optimizing and sequencing various tasks to be performed by different healthcare professional involved in the treatment process. After healthcare professionals make input into the system for the diagnosis for patients hospitalized, suitable pathways will be presented automatically for healthcare professionals to consider and adopt and the medical expenses could be estimated based on the pathway selected. When disease variations happen, our clinical pathway management system will classify and collect data and information for such disease variations and make pathway adjustments. Our clinical pathway management system also carries out real-time monitoring of the execution process to optimize selection of pathways. Aiming to find out the most cost-effective treatment plans, our clinical pathway management system helps reduce medical costs and promotes affordable patient care at reasonable price level for the public.

Telemedicine system

Aiming to reduce disparities in the access to healthcare services in China, we cooperate with certain third parties to develop telemedicine system with wearable device technologies to achieve long-distance patient and clinician contact, care, advice, monitoring and intervention for our customers in the healthcare industry. For example, we cooperated with Fudan University (復旦大學) to provide telemedicine solutions in the field of brain diseases to six hospitals that are authoritative in diagnosis and treatment for brain diseases. Patients obtain wearable devices from hospitals, produced by a manufacturer of medical equipment and device based in Shanghai which is an Independent Third Party. We are responsible for maintaining the mobile application for our telemedicine system. Our system adopts distributed computing technology to conduct massive data calculation and analysis for the medical data collected from patients through the wearable devices. In addition, the analysis and track to a single patient will adopt simulation and visualization methods. With integrated sensor design, our wearable devices are able to achieve efficient and secure wireless transmission of the medical data from the patient-side to the doctor-side. Our system adopts data visualization technology to integrate, analyze and restructure medical data collected from patients, and utilizes computer graphics and image processing technology to convert data into graphics or images for display to healthcare professionals. In replacement of or complement to in-office diagnoses and evaluations, our telemedicine solutions enable doctors to offer real-time diagnostic consultations, give instructions and monitor rehabilitation remotely, and thereby shorten the duration of treatment and lower treatment costs. As of the Latest Practicable Date, our telemedicine solutions were adopted by six hospitals with applications on patients with brain diseases. According to the CIC Report, telemedicine system is defined as an innovative software-driven solution for healthcare institutions for the following reasons: (1) telemedicine system is specifically designed for long-distance patient and clinician contact, care, advice, monitoring and intervention, which is a newly-emerged business for healthcare institutions; and (2) the adoption of wearable device could achieve transmission of medical data and enable real-time diagnostic consultations, instruction delivering and rehabilitation monitoring remotely, and the technologies applied during the process are advanced technologies in the IT solution industry.

Below is a diagram illustrating how our telemedicine system functions.



Note:

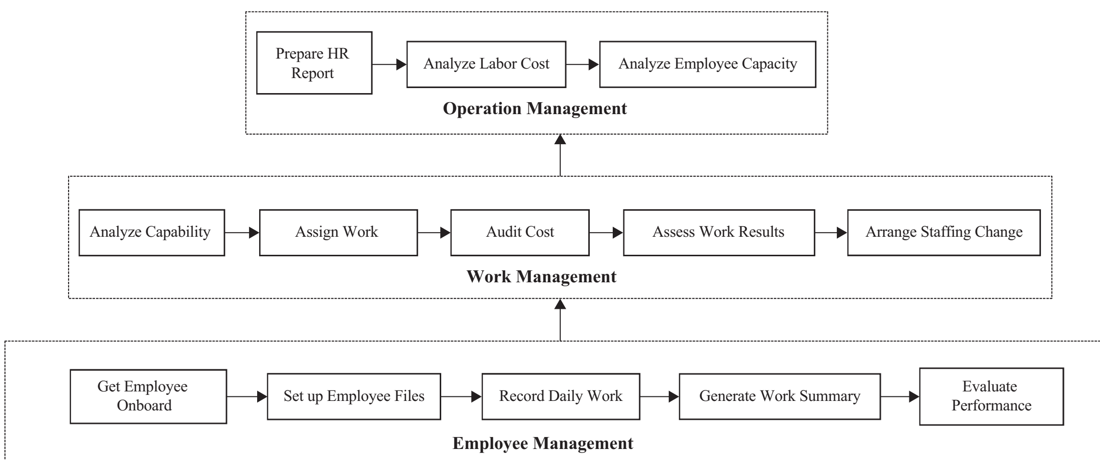
(1) Wearable device includes wristbands and other fitness trackers.

Solutions for Other Enterprises

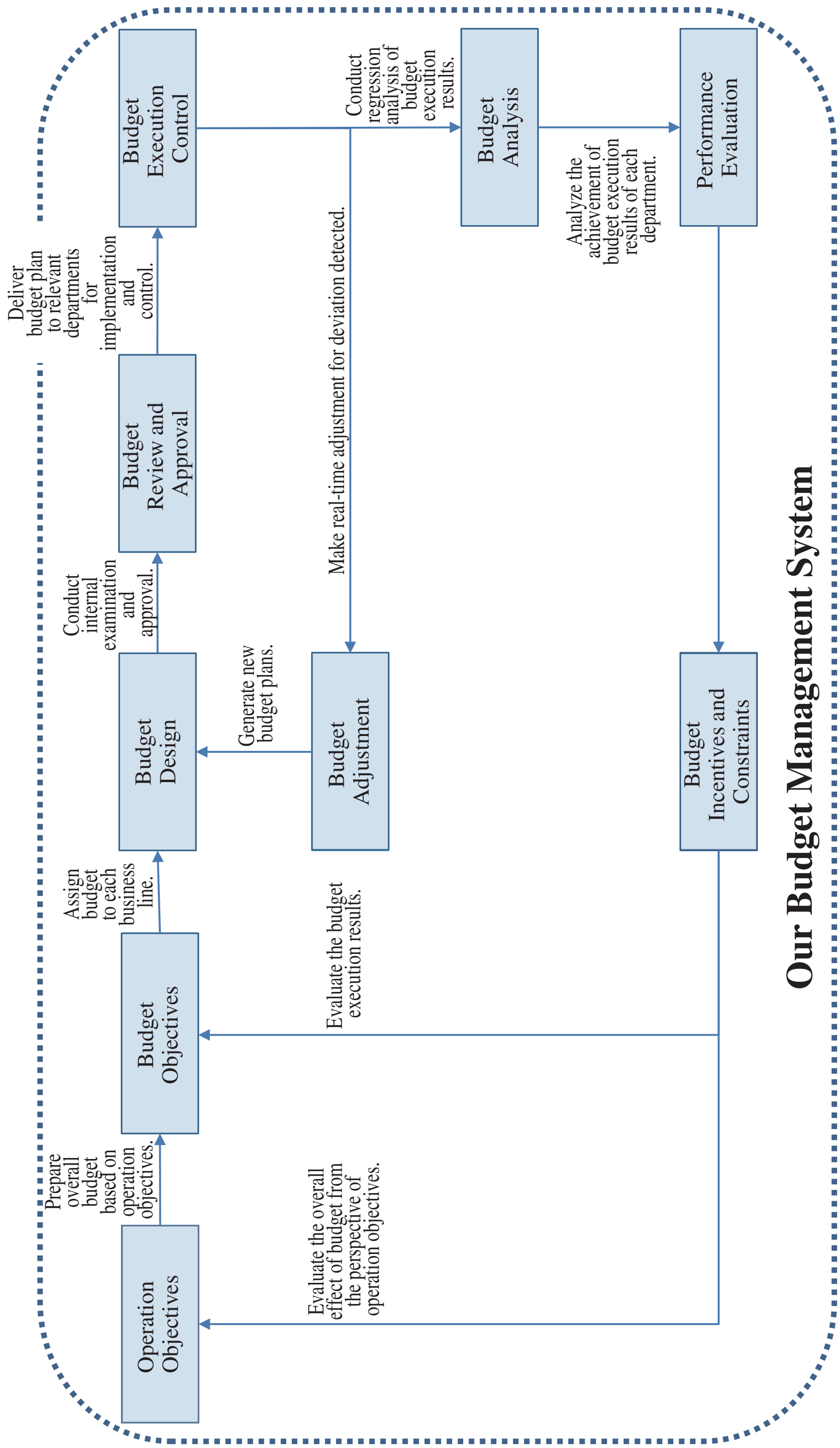
We provide an array of solutions for general corporate use, such as the human resource management system, budget management system and project management system, to enterprises that are not financial or healthcare institutions, such as enterprises in the IT industry. Our human resource management system provides enterprises with strategic human capital management that views employees as vital assets and aims to increase the value of employees through management. Our budget management system supports the entire cycle of budgeting process covering design, analysis, execution, control and final evaluation, to ensure proper budget allocation and attainment of financial goals for enterprises. Our project management system provides efficient planning and organization of enterprises' resources to develop a specific project from the concept stage and initial planning to implementation and successful completion.

Below is a diagram illustrating how our human resource management system functions.

Our Human Resource Management System

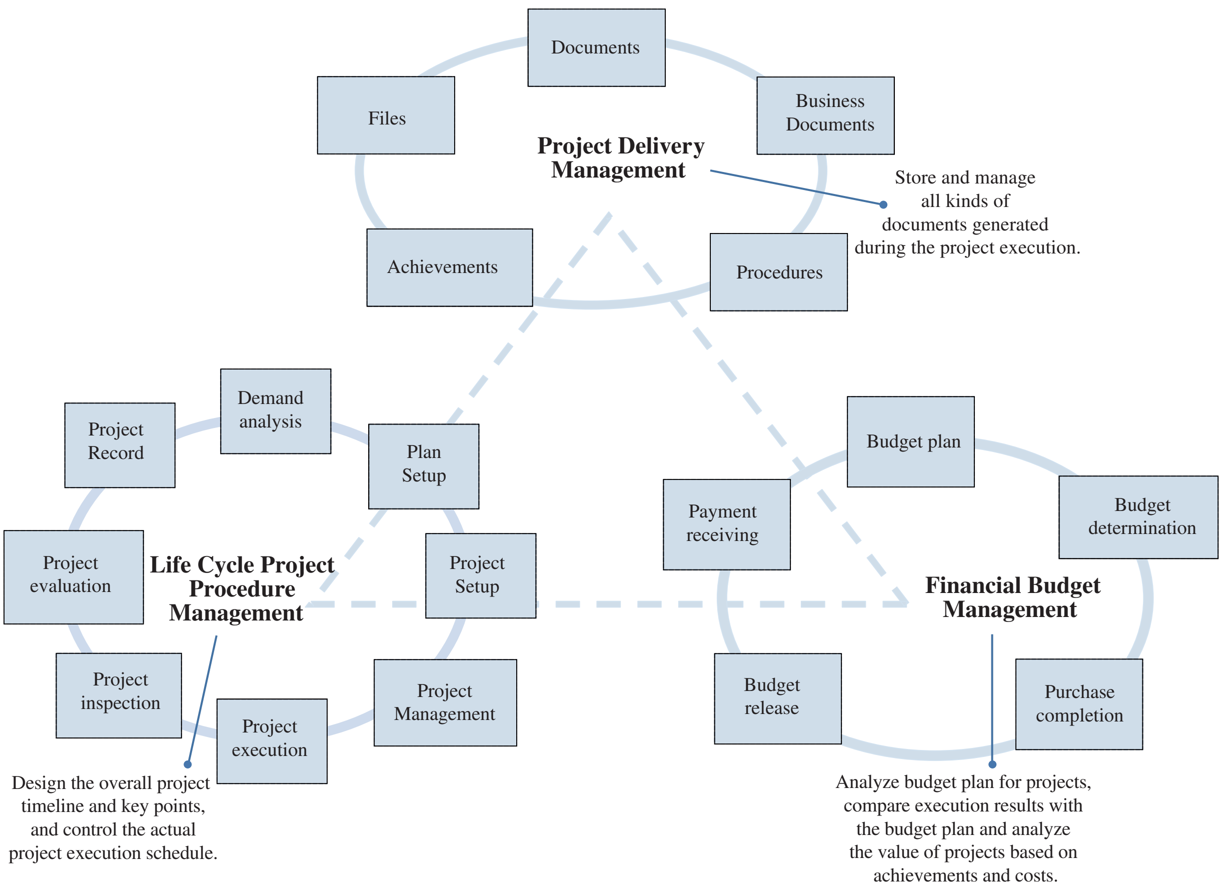


Below is a diagram illustrating how our budget management system functions.



Our Project Management System

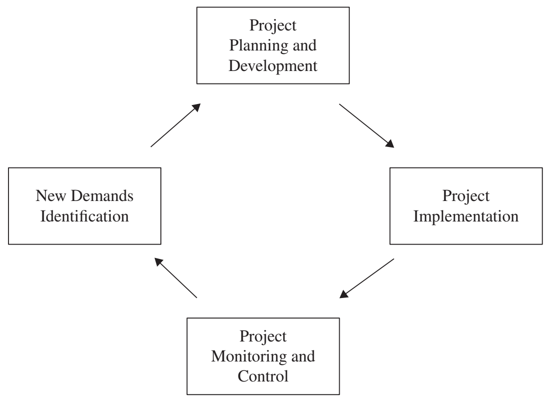
Below is a diagram illustrating how our project management system functions.



During the Track Record Period, we provided IT solutions for the use by eight other enterprises.

OUR PROJECT CYCLE AND SERVICE PROCESS

We provide IT solutions to our customers on a project-by-project basis as agreed in our project-based contracts. We generally enter into a contract with our customers for each project. The following diagram illustrates the typical project cycle of our software-driven IT solutions, which includes four major phases, namely (1) project planning and development, (2) project implementation, (3) project monitoring and control, and (4) new demands identification.



- ***Project planning and development.*** At this initial stage, we put in place a project team composed of our sales and marketing staff and project execution staff. Following the industry custom, we establish connections with potential customers long before the tendering processes and negotiations. We initiate projects under negotiation for our potential customers after comprehensive preparation, including our sales and marketing staff and technical staff communicating and discussing thoroughly with the potential customers regarding their specific demands, conducting customized demand analysis, analyzing the degree of matching of our IT solutions and services and their demands, and evaluating profit margin of the potential projects based on the estimated costs to be incurred and the budget information obtained from such potential customers. Based on industry analysis and continuous communication with customers to assess their business demands by sales and marketing staff, our project execution staff initiate preliminary solution development plans. After our solution designs are accepted by customers through direct sales or project tendering processes, our project execution staff proceed to develop, test and deliver the solutions to our customers. It normally takes two weeks to two months for solution development after customers' acceptance, based on the complexity of the specific project. Generally, it takes approximately three to 15 months for a project under negotiation to become an awarded project for us.

- ***Project implementation.*** Our project execution team will then help customers with the implementation and integration processes, and may conduct certain adjustments to enable our solutions to seamlessly integrate into our customers' existing systems. In addition, we conduct on-site official testing on our solutions to ensure such solutions have met the specific requirements of our customers. This stage normally lasts two months to six months, based on the complexity of the specific project.

- ***Project monitoring and control.*** We offer ongoing technical and maintenance services to ensure the stability and functionality of our solutions. We help our customers to optimize system performance, keep their IT solutions run smoothly, and identify and resolve errors and defects. In responding to the technical issues faced by our customers, we may deploy our technical staff to provide on-site support if necessary. Our project execution team also provides our customers with specific trainings related to the installation, usage and functionality of our solutions. Based on the contract terms, we generally provide two to three training sessions, each of which normally lasts two to seven days.

- ***New demands identification.*** In response to our customers' evolving needs, such as the need to adapt to new business scenarios and regulatory requirements, we also provide solution upgrade services to develop and deploy new function modules customized for our customers' requirements by engaging new contracts.

OUR TECHNOLOGIES

We believe that our capabilities in data technologies, RPA and distributed trading architecture technologies are imperative to our success in developing and delivering innovative solutions to gain competitive advantages and to meet the changing and diversified customer demands in various business scenarios.

Data technologies

Data technologies involve utilizing cost-effective data processing to enable enhanced business process automation and decision making for data in high-volume with a wide range of varieties. The basic technologies primarily include data collection, data preprocessing, distributed storage, NoSQL database, data warehouse, machine learning, parallel computing, and visualization. Our application of data technologies can be mainly divided into data collection and preprocessing, distributed computing, data analysis and data mining, and data visualization.

Data collection and preprocessing

Data collection is to import data into a data warehouse, integrate the scattered data, and analyze the data together. Data collection includes file log collection, database log collection, relational database access, and application access. In data preprocessing, we use streaming computing technology to perform real-time cleansing, aggregation, and analysis of multiple high-throughput data sources and quickly process the transaction data flow in the application system and provide feedback. We provide data synchronization services using streaming computing technology, the main functions of which include configuration management, distributed locks, and cluster management. Our data synchronization services enable synchronization of configuration changes in a system, eliminating the need to manually copy the changed configuration to other settings and ensure the reliability and consistency of the data. The output generated from data collection and preprocessing is source data adjusted for technical format and ready for use for further operation.

Distributed computing

Distributed computing enables businesses to dynamically allocate tasks among multiple computers using dispersed physical resources through the computer network to improve operational efficiency and achieve information exchange. Data is processed at the most efficient place of the organizational computer network to achieve massive and concurrent computing and rapid expansion of processing resources. Our distributed computing technology combines NoSQL and real-time analysis technology and can perform real-time analysis on massive data. By utilizing distributed computing technology, we are able to efficiently analyze data and receive valuable results such as new behavior patterns of customers. For example, we help banks identify fraud in online transactions by analyzing consumer behavior and patterns using distributed computing technology. The output generated from distributed computing is index data that conforms to analysis models.

Data analysis and data mining

We use distributed databases or distributed computing clusters to perform analysis, classification and summary of massive data stored in such database to meet analysis needs of our customers. We also conduct data mining to extract and analyze large amount of existing data to discover meaningful patterns and rules and to obtain accurate prediction results. The output generated from data analysis and data mining is visualized result of graphics, icons and documents.

Data visualization

We visualize the data obtained from data analysis to provide guidance for the decision-making process of our customers. We utilize computer graphics and image processing technology to convert data into graphics or images for display and allow interactive processing in such data display to help viewers understand and analyze the data in an effective way. The technologies involved mainly include computer graphics, image processing, computer vision and computer-aided design.

We are dedicated to helping our customers increase the value of their data through our solution offerings. We have developed solutions for our customers in the finance industry with application of data technologies, including customer relationship management solution designed for mining historical data and producing accurate customer portrait for financial institutions. These solutions enable our customers to analyze and manage their user behavior data efficiently to generate accurate and comprehensive customer profiling to gain valuable insights into their sales and marketing efforts for potential clients. Leveraging our proven track record in finance industry and rich experience in technology applications, we have successfully applied data exchange, distributed computing and highly available architecture in our solutions for healthcare institutions. We have made significant progress in applying data technologies to integrate, analyze and restructure medical data processed in our IT solutions for healthcare institutions, which provides visibility of the medical quality for healthcare providers on a real-time basis and enables them to effectively optimize the management process and lower the risk of medical malpractice. We have integrated data technologies into our solutions of medical quality control and safety warning system and critical values warning system. For example, by comprehensively analyzing a massive amount of medical data, our medical quality control and safety warning system generates reports and achieves data visualization to assist surgeons and anesthesiologists in judging whether they have behaved in compliance with the applicable medical standards for multiple surgery phases ranging from pre-surgery preparation, anesthesia induction and infection assessment.

RPA and related technologies

The applications of technologies of RPA, NLP, machine learning and image and text recognition help to create intelligent machines that work and react like humans. RPA allows businesses to automate workflow, infrastructure, back office process by replacing repetitive and boring clerical task performed by humans with virtual workforce of robots. NLP enables software to analyze, understand and derive meanings from human languages, by resembling the way in which human comprehend texts, phrases, sentences and generative grammar. Machine learning automates analytical model building and training for efficient data analysis to identify data patterns. The technology of image and text recognition detects text regions and image regions and recognizes textual content and image content separately.

With technological applications of RPA and NLP, we have developed a series of robot solutions for our customers in the finance industry, including the personal financial management robot, the customer service robot and the bill processing robot. By establishing process automation through accurate robot execution, these solutions free professionals at financial institutions from repetitive work tasks, enhance the security of sensitive user information and lower the cost for financial institutions.

We are also developing solutions for healthcare institutions to apply technologies to enhance the efficiency and accuracy in the delivery of care. With the application of technologies in NLP for text recognition and DNN for data capturing and analysis and the establishment of medical quality control models, we have been continuously building a medical knowledge pool and gathering large amounts of data from HIS, EMR and other medical databases of our hospital customers to train and program the robots in our medical quality control and safety warning system. As of June 30, 2020, our medical quality control and safety warning system for the hospital that implemented our system for more than one year processed clinical data of more than 3.8 million annual outpatient visits and relating to 230 diseases across 30 hospital departments and our system has utilized such data for the development of our robot program. We engage our in-house IT engineers who are familiar with healthcare business as well as experts in the field of medical quality control to train our robots and help them perform tasks such as medical data analysis and medical case analysis. These medical quality experts incrementally incorporate their medical expertise into our medical knowledge pool and help us improve our innovative healthcare IT solutions.

Distributed Trading Architecture

With the rapid development of IT technology, most of the leading trading systems have adopted a microservice-based trading architecture, according to the CIC Report. We have upgraded our technology systems and developed our distributed trading platform based on microservice architecture pattern. On our platform, different services offered by our customers are treated as independent operation units to achieve unified management and enable our customers to offer different service combinations as needed with high performance, expansibility and flexibility. In addition, our distributed trading architecture follows the DevOps methodology, a set of practices that combines software development (Dev) and information-technology operations (Ops), to help our customers merge their daily operations and solution development into a unified and integrated effort. Adhering to the DevOps principle that emphasizes information flow from operation to development, our distributed trading platform allows our customers to rapidly form customized solutions driven by demands from their actual operation by offering an array of tools, ranging from application construction, automatic deployment, operation monitoring to continuous integration management and system configuration management.

We have introduced our distributed trading platform and applied distributed trading architecture in our over-the-counter bond bookkeeping system and customer relationship management solution, and we expect to expand the application of distributed trading architecture in our medical quality control and safety warning system, intelligent healthcare solutions, the BEAI platform and the unified payment platform system in the future.

Application of Transferrable Technological Capability from Financial IT Solutions to Healthcare IT Solutions

According to the CIC Report, both the finance industry and the healthcare industry in China are heavily regulated by the government. Financial institutions are required to manage their clients' personal data and information on a strictly confidential basis and healthcare institutions are required to manage their patients' personal and medical data and information on a strictly confidential basis. Accordingly, both the financial institutions and the healthcare institutions demand to apply advanced information technology to manage the huge amounts of customer data on a real-time basis during their daily operation. Compared to the finance industry in China which enjoys high degree of informatization with mature applications of finance IT solutions to support the daily operation of financial institutions, the healthcare industry in China is characterized by relatively low degree of informatization but with high demand, according to the CIC Report. Accordingly, the healthcare IT solution industry in China is at a less developed stage but with great potential, compared to the finance IT solution industry, according to the CIC Report.

To address the similar demand for informatization of healthcare institutions, we applied our experience and technological capability accumulated in software development for financial institutions in areas including data collection and preprocessing, data analysis and data mining, data visualization, NLP and text recognition, to the development of our innovative healthcare IT solutions, during the Track Record Period. See "Business — Our Key Solutions — Solutions for Healthcare Institutions" and "Business — Our Technologies." We gradually allocated more resources towards the development of our innovative healthcare IT solutions by recruiting more research and development personnel with healthcare background during the Track Record Period, as evidenced by the increase in the percentage of our research and development personnel with medical expertise and relevant work experience from nil as of December 31, 2017 to 62.8% as of June 30, 2020. We also gradually enhanced our marketing efforts with particular emphasis on promoting our innovative healthcare IT solutions. The number of product presentations and other types of product promotion events we conducted for our innovative healthcare IT solutions increased from nil in 2017 to ten in 2018, and further to 58 in 2019. In the 11 months ended 30 June 2020, we conducted 42 product presentations and other types of product promotion events for our innovative healthcare IT solutions.

As both our finance IT solutions and innovative healthcare IT solutions are developed based on our capability to integrate large amounts of data and achieve data collection and preprocessing, distributed computing, data analysis, data mining and data visualization for our customers, our technological capability accumulated from developing finance IT solutions were transferrable to develop our innovative healthcare IT solutions, as evidenced by the accumulated 64 projects that we had been awarded from healthcare institutions during the Track Record Period. During the Track Record Period, we have successfully transferred and applied the underlying technologies and algorithms that we developed for our finance IT solutions to developing our innovative healthcare IT solutions. The following four examples demonstrate how our technologies developed for our finance IT solutions applied to healthcare IT solutions:

- The underlying automatic choreography process technology we developed for our RPA solution is applied to record the work procedure performed by employees of financial institutions, such as data capturing, data input, information query and document management. After that, a standard operation procedure is generated for the RPA robot software to learn and perform automatically. That same underlying automatic choreography process technology was applied by our research and development personnel in developing our medical quality control and safety warning system, which is enabled to record the work procedure performed by healthcare professionals, such as medical data collection and analysis. After that, a standard operation procedure is generated for the models in the system to automatically interpret and analyze the medical data.

- We developed the optical character recognition technology for our finance IT solutions, including our RPA solution, to identify and extract key information and data from images of financial notes and certificates. The same technology was applied by our technical team in our healthcare IT solutions, including medical quality control and safety warning system, critical values warning system and clinical pathway management system, to assist healthcare professionals to identify and extract the key information in medical records and cases for patients.

- The underlying mass data exchange technology we developed for our BEAI platform is applied to line up data in arrays to realize fast and secure transmission of large volume of data among different internal and external systems of a bank. That same underlying mass data exchange technology was applied by our research and development personnel in developing our medical quality control and safety warning system and intelligent healthcare platform, to achieve fast and secure medical data transmission and sharing among healthcare institutions and hospital groups.

- The distributed trading architecture technology we developed is applied to solve the problem of high concurrent access and complex computing processing for financial institutions. The same distributed trading architecture was applied to develop our medical quality control and safety warning system, intelligent healthcare platform and telemedicine system. Leveraging the distributed trading architecture, these healthcare IT solutions are able to utilize middle and low-end hardware to deal with highly concurrent massive data processing requests on a real-time basis.

See "Future Plans and Use of Proceeds — Use of Proceeds — 1. Approximately 80.0% of the net proceeds, or approximately HK$520.1 million, to be used primarily for upgrading existing solutions and developing new solutions — (2) Breakdown of 80.0% of the Net Proceeds by Product Type — Application of Transferrable Technological Capability from Financial IT Solutions to Healthcare IT Solutions."

RESEARCH AND DEVELOPMENT

Our ability to compete depends on our continuous commitment to research and development and our ability to continuously enhance and broaden our solutions to meet the evolving needs of our customers. Our research and development efforts are focused on developing and testing new and complementary software-driven solutions, as well as further enhancing the usability, functionality, reliability and flexibility of our existing solutions.

Our research and development personnel develops and tests customized software-driven solutions with quality assurance, and works with external experts to improve our solution offerings. As of June 30, 2020, we had 43 research and development personnel with extensive experience in the software industry. Focusing on the development of our innovative healthcare IT solutions, 51.2% of our research and development personnel are familiar with healthcare industry and have medical expertise in medical quality control and work experience in operating medical databases and management system for hospitals. As of June 30, 2020, all of our research and development personnel hold bachelor's degree and approximately 4.7% of our research and development personnel hold master's degree or above.

We made significant investments into our research and development activities. During our Track Record Period, our research and development expenses increased significantly. Our research and development expenses were RMB3.2 million, RMB10.5 million, RMB14.3 million, RMB11.1 million and RMB3.5 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively, representing 15.2%, 8.7%, 9.6%, 19.8% and 5.9%, respectively, of our total revenue for the same periods.

In addition to our good in-house technological capabilities, we have forged strategic partnerships with leading universities and research institutions in China, to exchange ideas and jointly develop technologies and products to meet the evolving market demand. For example, we cooperated with Fudan University (復旦大學) to provide telemedicine solutions in the field of brain diseases to six hospitals that are authoritative in diagnosis and treatment for brain diseases, and we cooperated with Beijing Jiaotong University (北京交通大學) to apply technologies for the development of software-driven solutions for enterprise use, including our RPA solutions. We have also sought advices from experts in the field of medical quality control to optimize our healthcare solution offerings.

Our cooperation agreement with Fudan University (復旦大學) entered into in October 2019 is legally binding, and the principal terms of such cooperation agreement include:

- ***Duration.*** Our cooperation agreement with Fudan University lasted for over two months for telemedicine solutions related technology development from October 2019 to December 2019.

- ***Cooperation method.*** Fudan University provides technical guidance and parameters, based on which we conduct relevant research and on-site development of the telemedicine solutions in the field of brain diseases for Fudan University and we may enter into separate arrangements for further application in hospitals. All the data and information utilized in the research and development work under the cooperation agreement are anonymous and desensitized data and information.

- ***Cost.*** We charge a fixed fee for our employees involved in assisting the relevant research and development.

- ***Intellectual property.*** Both parties jointly own the intellectual property rights to the research outcome.

- ***Confidentiality.*** Neither party shall disclose to any third party the business information, technical information or operating information of the other party obtained during the cooperation.

Our cooperation agreement with Beijing Jiaotong University (北京交通大學) entered into in October 2017 is legally binding, and the principal terms of such cooperation agreement include:

- ***Duration.*** Our cooperation with Beijing Jiaotong University is on a long-term basis, and does not have a specific duration under the cooperation agreement.

- ***Cooperation method.*** Beijing Jiaotong University provides research facilities and conducts research for the selected topics determined through communications with us, with the research focus in technologies of RPA, NLP and machine learning. With profound practical industry experience, we provide relevant industry information and guidance. All the data and information utilized in the research and development work under the cooperation agreement are anonymous and desensitized data and information.

- ***Fees paid by us.*** We provide research and development funds to Beijing Jiaotong University for the research of selected topics.

- ***Intellectual property.*** We solely own the intellectual property rights to the research outcome, unless otherwise specified.

- ***Confidentiality.*** Neither party shall disclose to any third party the business information, technical information or operating information of the other party obtained during the cooperation.

We also cooperated with Beijing Jiaotong University to establish class of artificial intelligence named after our company name "Newlink" to enrich students with practical industry experience and donated RMB0.3 million for the establishment of the Newlink Science and Technology Education Fund to support scientific and technological innovation in the School of Computer and Information Technology (計算機與信息技術學院) of Beijing Jiaotong University in May 2019.

DATA SECURITY AND PROTECTION

Infrastructure Stability and Data Security

We take safety precautions to maintain our infrastructure and protect our data. We have a detailed protocol for operation and maintenance management, network security management and disaster recovery. We established a business continuity mechanism after any major catastrophic event, including natural or unnatural disasters that could lead to various business interruptions, such as power failure, network failure, or server power outages. In addition, our internal maintenance team closely and constantly monitors the usage of resources such as central processing units, memory and common technical issues and alerts our technical team of unusual technical difficulties. We have also engaged firewall services to effectively safeguard against sophisticated hacker attacks. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any incidents of hacker attacks.

In addition, we implement encryption protection for all of our key data, and store them in our servers. We back up our data on scheduled specific dates in separate and various secured data back-up systems to minimize the risk of data loss or leakage. Our system support department also conduct weekly reviews of our back-up systems to ensure that they function properly and are well maintained.

As a result, we believe we maintain stable, reliable, secure, and scalable technological infrastructure that is compatible to our growing business.

Data Protection

We have implemented measures to comply with relevant laws and regulations on data protection and privacy in our business operations. We generally provide solution implementation and technical and maintenance services at our customers' premises. During the course of our operation, our project execution personnel may have access to certain proprietary or confidential information pertaining to our customers or their businesses and clients while they perform their duties to our customers. Specifically, according to the contracts with our customers, only the on-site technical personnel in charge of data analysis have authorized access by our customers to the personal information of our customers' clients when they conduct on-site work for the data analysis of the specific projects for such customers. They have no access to such information after leaving our customers' premises, and they are not allowed to bring such information outside our customers' premises or share such information with any of our other employees or outside source. During the project implementation, our project managers make applications to our customers for username and password to enable our on-site technical personnel in charge of data analysis gain access to the relevant database of our customers. After internal approval, our customers allocate username and password to their database relevant to the project to our on-site technical personnel in charge of data analysis. Our project managers supervise the project implementation to check if the username and password are properly used by our on-site technical personnel in charge of data analysis only. In addition, we enter into confidentiality agreements with our employees, which provide that our employees are legally obligated not to share, distribute or sell the confidential information, including the customer information in possession, to any third parties, including other employees who have no access to the information. For our data analysis at our office for the research and development purpose, we generally require our customers to desensitize the data before they provide such data to us for further processing. Our customers provide such desensitized data to us since our research and development is for providing enhanced IT solutions and better services to such customers, including optimization of algorithm and models to upgrade our IT solutions. Utilizing desensitization algorithms or technologies, our customers remove, hide, or replace sensitive data and personally identifiable information, such as names, ID numbers, addresses or phone numbers of our customers' clients with other codes. In general, the data that we gain access to is anonymous and desensitized. We store such anonymous and desensitized information in our self-owned physical servers in our office, instead of any cloud server, so that no other party has access to such information. We do not collect or store any confidential information regarding our customers or their clients.

According to the Guiding Opinions of the General Office of the State Council on Promoting and Regulating the Application and Development of Healthcare Big Data (國務院辦公廳關於促進和規範健康醫療大數據應用發展的指導意見) promulgated by the General Office of the State Council on June 21, 2016, the state promotes the sharing of healthcare big data, and encourages all types of healthcare institutions to promote the collection and storage of healthcare big data, strengthen application support and technical support for operation and maintenance, and open up channels for data sharing. According to the Administrative Measures on Standards, Security and Services of National Healthcare Big Data (國家健康醫療大數據標準、安全和服務管理辦法) promulgated by the NHC on July 12, 2018, healthcare institutions at all levels and of all kinds have the right to obtain healthcare related personal data generated during the process of disease prevention and health management, and provide such data to their selected healthcare big data service providers, premised that such healthcare institutions comply with such regulations; and the healthcare big data service providers and their employees shall comply with the relevant management system of data security management, personal privacy protection and other aspects.

Our Directors confirm that all the data analysis work we conduct is within the scope pursuant to the contracts we enter with our customers. Based on abovementioned facts, relevant laws and regulations and our Directors' confirmation, our PRC Legal Advisors and the PRC legal advisors of the Sole Sponsor are of the view that, as a healthcare IT service provider selected by hospitals, we and our on-site technical personnel are in compliance in utilizing information provided by hospitals for the purpose pursuant to the contracts we entered into with the hospitals.

According to the Guidelines on Information Technology Risk Management of Commercial Banks (商業銀行信息科技風險管理指引), banks may purchase information systems and provide customer information to their information system service providers. Our PRC Legal Advisors and the PRC legal advisors of the Sole Sponsor are of the view that, as an information system service provider selected by banks, we and our employees are legally allowed to use customer information provided by banks, subject to banks' review, approval and monitoring, including background checks, and fulfillment of our confidentiality obligations.

Our customers are required to confirm agreement with our terms and conditions, including the terms set out in our confidentiality provision. Our confidentiality provision provides that both parties are legally obligated not to share, distribute or sell the confidential information, including the other party's information in possession, to any other parties. See "Risk Factors — Risks Relating to Our Business and Industry — We are exposed to the risk of information and data leakage of customers and their clients."

Furthermore, we enter into confidentiality agreements with our employees who have access to any aforementioned customer information. The confidentiality agreements provide that, among others, these employees are legally obligated not to share, distribute or sell the confidential information, including the customer information in possession, to any third parties, including other employees who have no access to the information. These employees are also legally obligated to surrender all confidential information in possession while resigning, and to retain their confidential obligations after they leave office. The employees bear compensation liability if they breach their confidential obligations or otherwise commit misconduct resulting in leakage of our confidential information.

As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we were in compliance in all material respects with all applicable PRC laws and regulations with respect to data privacy and protection.

SALES AND MARKETING

We market and sell our solutions primarily through the efforts of our sales and marketing department. As of June 30, 2020, we had a sales and marketing team consisting of 35 employees. We market and sell our solutions to align with the distinct characteristics of our customers in different industries. Accordingly, our sales and marketing staff are segmented into finance and healthcare industries and are divided into six sales regions, including Northern China, Eastern China, Southern China, Northeast China, Northwest China and Southwest China to stay close to our local customers. Our sales and marketing staff may carry out on-site pitching and business discussions with potential customers for new engagements and set up hotlines for inquiries. Leveraging their previous work experience in the relevant industries, many of our sales and marketing staff are able to understand our customers' demands thoroughly to deliver a preliminary solution tailor-made to the specialty of each customer at early stage and simultaneously convey their specific business needs to our technical staff. We typically obtain business opportunities through direct sales and project tendering processes. Our sales and marketing staff also regularly gather feedback from our customers and keep track of the latest developments in relevant industries to enable our technical staff constantly update our solutions based on our customers' needs and industrial trends.

We believe that we further benefit from word-of-mouth marketing as our customers endorse our solutions to their industry peers, which allows us to effectively market and sell our solutions. We incurred selling and distribution expenses of RMB0.6 million, RMB3.2 million, RMB6.5 million, RMB3.3 million and RMB3.8 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively, representing 2.8%, 2.7%, 4.4%, 5.8% and 6.4%, respectively, of our total revenue for the same periods.

Tendering Process

We typically obtain business opportunities through direct sales and tendering processes. We generally receive tender invitations from potential customers. We may also identify tendering invitations from publicly available information such as customers' websites. Our sales and marketing staff may carry out on-site pitching and business discussions with potential customers for new engagements and set up hotlines for inquiries. If we decide to submit a tender for a project after evaluation, our sales and marketing team will prepare for the tender submission in accordance with the requirements set out in the tender documents. The tender submission documents must be approved by our management team before submission. If we are awarded the project in the tendering process, a formal notification letter notifying the acceptance of tender will be issued by our customer, following which we will enter into an agreement with the customer. Our success rate of tendering was approximately 63.3%, 64.3%, 71.6% and 56.7% for 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our revenue generated from engagements obtained through the tendering process amounted to RMB9.3 million, RMB43.7 million, RMB72.4 million, RMB24.8 million and RMB28.4 million, respectively, and accounted for 44.2%, 36.3%, 48.6%, 44.2% and 48.3% of our total revenue during the same periods, respectively. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our revenue generated from direct engagements amounted to RMB11.8 million, RMB76.9 million, RMB76.6 million, RMB31.3 million and RMB30.4 million, respectively, and accounted for 55.8%, 63.7%, 51.4%, 55.8% and 51.7% of our total revenue during the same periods, respectively.

The following table sets forth a breakdown of the number of our projects obtained through the tendering process and from direct engagements during the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
Tendering process	19	45	58	12
Direct engagements	88	91	67	45
Total	107	136	125	57

Pricing Policy

The pricing of our solutions is determined primarily based on the estimation of workload involved for the project execution, such as the number of staff to be allocated, their respective titles and cost per person and project duration. We also take into account the market demand and competitiveness of our solutions, the project nature, our expected profits and our past experience on similar projects when determining pricing for a project. We determine our pricing through negotiations with our customers or project tendering processes. During the Track Record Period, the price range of our contracts for software development services, technical and maintenance services and software sales was RMB12,000 to RMB30.2 million, RMB19,000 to RMB14.6 million, and RMB0.4 million to RMB3.7 million, respectively. Our pricing policy has a great influence on our results of operations and financial condition. See "Financial Information — Key Factors Affecting Our Results of Operations — Pricing Policy" for details. We expect to maintain consistent pricing policy for our IT solutions for financial institutions and healthcare institutions in the foreseeable future, which shall take into account changes in the demand and supply in the IT solution market. We determine the pricing of our healthcare IT solutions products based on comprehensive consideration of (1) our estimation of workload involved for the project execution, such as the number of staff to be allocated, their respective titles and cost per person and project duration, (2) the market demand, and (3) the industry competition. According to the CIC Report, the competition is increasingly keen in the healthcare IT solution industry in China, accompanied with growing demands among healthcare institutions for innovative healthcare IT solutions with applications of advanced technologies to continuously improve healthcare quality. Based on comprehensive consideration of (1) our ongoing contracts, awarded projects, tendered projects and projects under negotiation for our healthcare IT solutions, (2) our plan to continue to focus on adopting advanced technologies to develop and upgrade our healthcare IT solutions to meet various demands of healthcare institutions, (3) the growing demands among healthcare institutions for innovative healthcare IT solutions as projected by the CIC Report, and (4) the historical fees charged by the Group for the provision of the healthcare IT solutions services and the contracts which had been awarded by our customers was on an increasing trend, our Directors are of the view that we may gradually raise the price of our healthcare IT solutions in the future. Our Directors will also continue to monitor the pricing of the healthcare IT solutions service providers on a regular basis given the keen competition to ensure the competitiveness of our Group. We intend to continue to invest in research and development to upgrade our healthcare IT solutions to increase our competitive advantages. See "Future Plans and Use of Proceeds — Use of Proceeds — 1. Approximately 80.0% of the net proceeds, or approximately HK$520.1 million, to be used primarily for upgrading existing solutions and developing new solutions — (2) Breakdown of 80.0% of the Net Proceeds by Product Type — Breakdown of 60.0% of the Net Proceeds to be Used for our Innovative Healthcare IT Solutions" for more details.

The following table classifies our contracts into different bands of contract value, without considering the value-added tax, and sets forth their respective revenue contribution during the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentage)									
Software development services	16,491	78.3%	88,667	73.5%	115,932	77.8%	43,211	77.0%	47,561	81.0%
Below RMB0.5 million	1,474	7.0%	10,139	8.4%	24,777	16.6%	5,163	9.2%	5,960	10.1%
RMB0.5 million to RMB1.0 million	3,145	14.9%	7,228	6.0%	4,794	3.2%	944	1.7%	3,020	5.1%
RMB1.0 million to RMB5.0 million	10,952	52.0%	40,575	33.7%	46,982	31.5%	14,214	25.3%	10,040	17.1%
Above RMB5.0 million	920	4.4%	25,855	21.4%	23,579	15.8%	9,434	16.8%	–	–
Contracts without a fixed price(1)	–	–	4,871	4.0%	15,800	10.6%	13,456	24.0%	28,541	48.6%
Technical and maintenance services	4,575	21.7%	20,022	16.6%	18,899	12.7%	8,366	14.9%	8,778	14.9%
Below RMB0.5 million	833	4.0%	3,174	2.6%	4,243	2.9%	1,758	3.1%	2,405	4.1%
RMB0.5 million to RMB1.0 million	–	–	2,117	1.8%	1,481	1.0%	338	0.6%	102	0.2%
RMB1.0 million to RMB5.0 million	1,411	6.7%	10,630	8.8%	8,747	5.9%	1,648	2.9%	2,421	4.1%
Above RMB5.0 million	2,331	11.1%	4,101	3.4%	4,428	3.0%	3,557	6.3%	2,646	4.5%
Contracts without a fixed price(1)	–	–	–	–	–	–	1,065	1.9%	1,204	2.0%
Software sales	–	–	11,882	9.9%	14,139	9.5%	4,575	8.1%	2,416	4.1%
Below RMB0.5 million	–	–	268	0.2%	459	0.3%	460	0.8%	–	–
RMB0.5 million to RMB1.0 million	–	–	2,161	1.8%	2,472	1.7%	879	1.6%	2,416	4.1%
RMB1.0 million to RMB5.0 million	–	–	9,452	7.8%	11,208	7.5%	3,236	5.8%	–	–
Above RMB5.0 million	–	–	–	–	–	–	–	–	–	–
Contracts without a fixed price(1)	–	–	–	–	–	–	–	–	–	–
Total	21,066	100.0%	120,571	100.0%	148,970	100.0%	56,152	100.0%	58,755	100.0%

Note:

(1) For contracts without a fixed price or a price cap, we classify those that were completed during the corresponding periods by their contract value based on actual workload incurred and allocate them to the respective bands of contract value, and we classify those that were not completed during the corresponding periods under the band "contracts without a fixed price."

As our IT solutions generally are customized, we take into account our expected workload, customers' demands, the competitiveness of our solutions, project nature and expected profits on a project-by-project basis when determining the pricing of each contract, and thus the distribution of our contracts among different bands of contract value varies during the Track Record Period. Our contracts with contract value of and above RMB1.0 million constituted a majority part of our contracts during the Track Record Period. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our revenue generated from contracts with contract value of and above RMB1.0 million was RMB15.6 million, RMB90.6 million, RMB94.9 million, RMB32.1 million and RMB15.1 million, respectively, and accounted for 73.9%, 75.1%, 63.7%, 57.1% and 25.7% of our total revenue during the same periods, respectively. The decrease in the six months ended June 30, 2020 was because a large number of contracts without a fixed price or a price cap for software development services in the six months ended June 30, 2020 have not been completed during the Track Record Period and thus were classified under the band "contracts without a fixed price." During the Track Record Period, we continuously expanded our service offerings and enlarged our customer base. Many of our customers engaged us to provide system upgrade services and maintenance services following their initial purchase of our solutions, resulting in the increasing proportion of contracts with relatively small contract value.

Billing Management

Our senior management regularly reviews the difference between the budgeted cost and actual cost of each project through the project stage, in accordance with the project schedule set forth in each contract. Our project managers will notify our sales and marketing staff if the actual workload for a project exceeds the workload provided in contract terms and report to our senior management. Our sales and marketing staff will communicate with our customers to negotiate for necessary adjustment to the contract value of the relevant project. During the Track Record Period, we did not experience any significant differences between the budgeted cost and actual cost of our projects.

Our customers generally issue certain forms of acceptance, which, depending on the contract, is usually based on project milestones showing the progress of our ongoing contracts. Once a form of acceptance, such as customers' written inspection and acceptance record, is obtained, our sales department submits relevant materials for the internal approval of invoice issuance. After checking the invoice amount and receiving permission from our senior management, our finance department issues invoice to our customers based on the pre-agreed amount provided in relevant contracts. Upon receipt of our invoice, our customers start their internal payment process, following the completion of which they will make payment to us. Overdue payments are reviewed regularly by our senior management and our sales and marketing staff closely follow up with our customers on payment status.

Contract Value

The contract value of a project represents the amount that we expect to receive under the terms of the contract assuming the contract is performed in accordance with its terms. Based on the nature, duration and complexity of each project, we primarily provide our solutions and services with a fixed price. We may also charge customers based on actual manpower involved in relevant projects and we may or may not set a price cap with our customers for such contracts, depending on the actual circumstances. For projects with a fixed price, we estimate the workload primarily based on project nature, our past experience on similar projects, the number of staff expected to be allocated, their respective titles and cost per person and project duration, and fix a price accordingly. For projects that are charged based on actual manpower involved, we set forth the number of staff to be involved and their respective titles and cost per person in the contracts and will calculate the total price based on such contract provisions. Upon customers' request, we may set a price cap for projects for which we are able to estimate a maximum workload. As we typically complete our projects in three months to one year, a substantial portion of the contract value is recognized as revenue within one year after the project is launched. However, the subsequent termination or modification of the terms of our contracts may have an impact on the actual revenue and hence the contract value for a year/period does not represent our actual earnings during such year/period or shall not be relied on as any indicator for future earnings. The following table sets forth the number of new contracts we entered into in the periods indicated and their contract value, without considering the value-added tax.

	Year ended December 31,						Six months ended June 30,		From July 1, 2020 to the Latest Practicable Date,	
	2017		2018		2019		2020			
	Number of new contracts entered into during the year	Total contract value	Number of new contracts entered into during the year	Total contract value	Number of new contracts entered into during the year	Total contract value	Number of new contracts entered into during the period	Total contract value	Number of new contracts entered into during the period	Total contract value
	(RMB in thousands, except for number of contracts)									
Contracts with a fixed price[1]	70	39,732	96	84,153	125	84,504	50	37,497	54	71,692
Contracts without a fixed price[2]										
Contracts with a specified price cap	4	24,050	11	26,461	15	42,154	5	9,884	2	3,134
Contracts without a specified price cap	8	N/A[3]	15	N/A[4]	17	N/A[5]	8	N/A	6	N/A
Total	82	63,782	122	110,614	157	126,658	63	47,381	62	74,826

Notes:

(1) For the software development services contracts with a fixed price, we recognize revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services using input method. For the technical and maintenance services contracts with a fixed price, we recognize revenue over the scheduled period on a straight-line basis, as our customers simultaneously receive and consume the benefits provided by us. For the software sales contracts with a fixed price, we recognized revenue at the point in time when the right to use the software is transferred to our customers, generally upon the acceptance by them.

(2) Represent contracts that are charged on an actual workload basis. As for contracts with a specified price cap, we apply the price cap as the contract value for such contracts. As for contracts without a specified price cap, the contract value for such contracts cannot be estimated on a reasonable basis at the time of signing, and hence we do not take into account such contracts for the calculation of contract value in this table. During the Track Record Period, our contracts without a fixed price include software development services contracts and technical maintenance services contracts. As we charge on an actual workload basis with a fixed amount for each hour of service provided for contracts without a fixed price, we use practical expedient to recognize revenue in the amount to which we have a right to invoice.

(3) Among the eight contracts without a specified price cap that we entered into in 2017, we completed seven contracts during the Track Record Period and thus can confirm their total final price of RMB9.5 million based on actual workload incurred.

(4) Among the 15 contracts without a specified price cap that we entered into in 2018, we completed 13 contracts during the Track Record Period and thus can confirm their total final price of RMB10.9 million based on actual workload incurred.

(5) Among the 17 contracts without a specified price cap that we entered into in 2019, we completed six contracts during the Track Record Period and thus can confirm their total final price of RMB7.1 million based on actual workload incurred.

Our completed and ongoing contracts

The following table sets forth a breakdown of contract value, without considering the value-added tax, for our completed and ongoing contracts by industry sector of end users and different bands of contract value for the periods indicated. We had relatively smaller number of completed contracts in the six months ended June 30, 2020, compared with that of 2019, primarily due to (1) the effects of seasonality, as many of our major customers tend to conduct the inspection and other procedures for acceptance of our services under many contracts entered into with us in the fourth quarter of a year, so that most of our contracts was completed in the fourth quarter of a year; and (2) our customers' extended internal processes regarding inspection and other procedures for acceptance of our services during the COVID-19 outbreak when many of our customers arranged their employees to work remotely.

	Year ended December 31,						Six months ended June 30,	
	2017		2018		2019		2020	
	Contract value	Number of contracts	Contract value	Number of contracts	Contract value	Number of contracts	Contract value	Number of contracts
	(RMB in thousands, except for number of contracts)							
IT solutions for financial institutions	66,382	87	168,818	205	254,905	264	153,526	106
Completed contracts	44	2	26,804[(1)]	46	145,984[(2)]	201	59,080[(3)]	18
– Below RMB0.5 million	44	2	5,109	31	27,576	141	1,237	7
– RMB0.5 million to RMB1.0 million	–	–	3,411	5	10,356	15	2,476	3
– RMB1.0 million to RMB5.0 million	–	–	18,284	10	84,496	41	15,083	5
– Above RMB5.0 million	–	–	–	–	23,556	4	40,284	3
Ongoing contracts	66,338	77	142,014[(4)]	141	108,921[(5)]	44	94,446[(6)]	68
– Below RMB0.5 million	10,706	55	18,879	101	4,037	25	7,986	44
– RMB0.5 million to RMB1.0 million	7,380	10	7,322	10	3,974	5	5,441	8
– RMB1.0 million to RMB5.0 million	21,196	10	57,902	24	40,396	11	31,664	13
– Above RMB5.0 million	27,056	2	57,912	6	60,514	3	49,355	3
Contracts without a fixed price or a price cap	N/A	8	N/A	18	N/A	19	N/A	20
IT solutions for healthcare institutions	–	–	2,870	1	13,939	33	14,796	39
Completed contracts	–	–	–	–	5,373[(7)]	7	7,796[(8)]	22
– Below RMB0.5 million	–	–	–	–	2,503	6	5,438	19
– RMB0.5 million to RMB1.0 million	–	–	–	–	–	–	2,358	3
– RMB1.0 million to RMB5.0 million	–	–	–	–	2,870	1	–	–
– Above RMB5.0 million	–	–	–	–	–	–	–	–

	Year ended December 31,						Six months ended June 30,	
	2017		2018		2019		2020	
	Contract value	Number of contracts	Contract value	Number of contracts	Contract value	Number of contracts	Contract value	Number of contracts
	(RMB in thousands, except for number of contracts)							
Ongoing contracts	–	–	2,870	1	8,566	26	7,000(9)	17
– Below RMB0.5 million	–	–	–	–	6,208	23	6,190	16
– RMB0.5 million to RMB1.0 million	–	–	–	–	2,358	3	810	1
– RMB1.0 million to RMB5.0 million	–	–	2,870	1	–	–	–	–
– Above RMB5.0 million	–	–	–	–	–	–	–	–
Contracts without a fixed price or a price cap	–	–	–	–	–	–	–	–
IT solutions for other enterprises	6,860	2	19,940	9	17,370	10	3,110	3
Completed contracts	–	–	5,380	5	17,370(10)	10	–	–
– Below RMB0.5 million	–	–	–	–	800	4	–	–
– RMB0.5 million to RMB1.0 million	–	–	2,450	3	1,810	2	–	–
– RMB1.0 million to RMB5.0 million	–	–	2,930	2	7,960	3	–	–
– Above RMB5.0 million	–	–	–	–	6,800	1	–	–
Ongoing contracts	6,860	2	14,560(11)	4	–	–	3,110	3
– Below RMB0.5 million	–	–	–	–	–	–	–	–
– RMB0.5 million to RMB1.0 million	–	–	900	1	–	–	1,830	2
– RMB1.0 million to RMB5.0 million	6,860	2	6,860	2	–	–	–	–
– Above RMB5.0 million	–	–	6,800	1	–	–	1,280	1
Contracts without a fixed price or a price cap	–	–	–	–	–	–	–	–
Total	73,242	89	191,628	215	286,214	307	171,432	148

Notes:

* This table takes into account the contract value of contracts without a fixed price or a price cap that were completed during the Track Record Period, and we classify them by their contract value based on actual workload incurred and allocate them to the respective bands of contract value. For the contracts without a fixed price or a price cap that were not completed during the Track Record Period, we cannot confirm contract value of such contracts. The number of such contracts, all of which were for our IT solutions for financial institutions, was eight, 18, 19 and 20 in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

** We calculate the aggregate contract value for a given period by adding up the total contract value of each of the relevant contracts. Thus, if a contract is ongoing during multi-periods, its total contract value will be included in the aggregate contract value for each of such periods.

(1) Include 31 contracts with a total contract value of RMB13.8 million that were signed in 2017.

(2) Include 42 contracts with a total contract value of RMB28.5 million that were signed in 2017 and 88 contracts with a total contract value of RMB67.5 million that were signed in 2018.

(3) Include four contracts with a total contract value of RMB32.9 million that were signed in 2017, four contracts with a total contract value of RMB16.0 million that were signed in 2018 and ten contracts with a total contract value of RMB10.1 million that were signed in 2019.

(4) Include 46 contracts with a total contract value of RMB52.5 million that were signed in 2017.

(5) Include four contracts with a total contract value of RMB24.0 million that were signed in 2017 and seven contracts with a total contract value of RMB22.0 million that were signed in 2018.

(6) Include five contracts with a total contract value of RMB41.5 million that were signed in 2018 and 27 contracts with a total contract value of RMB23.1 million that were signed in 2019.

(7) Include one contract with a total contract value of RMB2.9 million that was signed in 2018.

(8) Include 22 contracts with a total contract value of RMB7.8 million that were signed in 2019.

(9) Include two contracts with a total contract value of RMB0.8 million that was signed in 2019.

(10) Include two contracts with a total contract value of RMB6.9 million that were signed in 2017 and two contracts with a total contract value of RMB7.7 million that were signed in 2018.

(11) Include two contracts with a total contract value of RMB6.9 million that were signed in 2017.

Our backlog

Backlog represents our estimate of the contract value of the projects that we are engaged for and remain to be completed as of a certain date from signed and legally-binding contracts. New contract value primarily represents the aggregate value of the contracts that we entered into during a specified period. To the extent the work under these contracts advances, amounts are progressively removed from backlog. Backlog is not an audited measure defined by HKFRSs and our methodology in determining backlog may not be comparable to the methodology used by other companies.

Backlog might not be indicative of our future operating results and difficulties in contract performance could lead to inaccuracies with respect to the ultimate income from uncompleted contracts. The termination or modification of any one or more sizeable contracts or the addition of other contracts could have a substantial and immediate effect on the amount of our backlog and the revenue and profits we may earn from such contracts, and could have a material adverse effect on our profitability and financial condition. As a result, our backlog information presented in this prospectus should not be relied on as an indicator of our future earnings.

The following table sets forth, without considering the value-added tax, our backlog, new contract value, number of contracts and recognized revenue for each of the periods indicated. For our backlog calculation, we only take into account projects that we had implemented during the periods, and we do not take into account awarded projects with our engagement confirmed but we had not yet started implementation as of the end of each period. There was no backlog as of January 1, 2017 because there were changes in the business of Beijing Newlink subsequent to Mr. Zhai's acquisition of its entire equity interests in December 2016 and we did not have ongoing contracts as of January 1, 2017. See "Our History and Corporate Development — Our Corporate Development — Beijing Newlink." In the period from July 1, 2020 to the Latest Practicable Date, we entered into 62 contracts with our customers with a total contract value of approximately RMB74.8 million. In a given period, our backlog at the beginning of the period plus our new contract value less our recognized revenue for the period equals our backlog at the end of the period.

(RMB in thousands, except for percentages and numbers of contracts)

Year ended December 31, 2017

	Backlog at the beginning of the year		New contract value		Number of contracts	Recognized revenue for the year		Backlog at the end of the year	
	Amount	%	Amount	%	Amount	Amount	%	Amount	%
IT solutions for financial institutions[1]	–	–	66,382	90.6	87	20,676	98.1	45,706	87.6
IT solutions for healthcare institutions	–	–	–	–	–	–	–	–	–
IT solutions for other enterprises	–	–	6,860	9.4	2	390	1.9	6,470	12.4
Total	–	–	73,242	100.0	89	21,066	100.0	52,176	100.0

Year ended December 31, 2018

	Backlog at the beginning of the year		New contract value		Number of contracts	Recognized revenue for the year		Backlog at the end of the year	
	Amount	%	Amount	%	Amount	Amount	%	Amount	%
IT solutions for financial institutions[1]	45,706	87.6	102,481	86.5	205	109,669	91.0	38,518	77.0
IT solutions for healthcare institutions	–	–	2,870	2.4	1	–	–	2,870	5.7
IT solutions for other enterprises	6,470	12.4	13,080	11.1	9	10,902	9.0	8,648	17.3
Total	52,176	100.0	118,431	100.0	215	120,571	100.0	50,036	100.0

Year ended December 31, 2019

	Backlog at the beginning of the year		New contract value		Number of contracts	Recognized revenue for the year		Backlog at the end of the year	
	Amount	%	Amount	%	Amount	Amount	%	Amount	%
IT solutions for financial institutions[1]	38,518	77.0	112,890	89.1	264	126,974	85.2	24,434	87.8
IT solutions for healthcare institutions	2,870	5.7	11,069	8.7	33	12,294	8.3	1,645	5.9
IT solutions for other enterprises	8,648	17.3	2,810	2.2	10	9,702	6.5	1,756	6.3
Total	50,036	100.0	126,769	100.0	307	148,970	100.0	27,835	100.0

Six months ended June 30, 2020

	Backlog at the beginning of the period		New contract value		Number of contracts	Recognized revenue for the period		Backlog at the end of the period	
	Amount	%	Amount	%	Amount	Amount	%	Amount	%
IT solutions for financial institutions[1]	24,434	87.8	38,890	82.1	106	53,053	90.3	10,270	62.4
IT solutions for healthcare institutions	1,645	5.9	5,381	11.4	39	2,720	4.6	4,306[2]	26.2
IT solutions for other enterprises	1,756	6.3	3,110	6.5	3	2,982	5.1	1,884	11.4
Total	27,835	100.0	47,381	100.0	148	58,755	100.0	16,460	100.0

Notes:

(1) For contracts without a fixed price or a price cap, we add back the contract value of those that were completed during the Track Record Period and thus can confirm their contract value based on actual workload incurred to the aggregate contract value of the year when those contracts were entered into. For contracts without a fixed price or a price cap that were not completed during the Track Record Period, we do not take into account their contract value for the calculation of total contract value for this table and we recognized revenue of nil, RMB4.9 million, RMB14.9 million and RMB13.3 million from such contracts in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively. During the Track Record Period, we had contracts without a fixed price or a price cap only for our IT solutions for financial institutions and the number of such contracts was eight, 18, 19 and 20 in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

(2) The backlog of our IT solutions for healthcare institutions for the six months ended June 30, 2020 was relatively small, because as of June 30, 2020, we were in the process of agreement execution with eight healthcare institutions due to their extensive internal process as they focused on dealing with the COVID-19 outbreak during the first half of 2020, although we had already commenced work for them. As the agreements have not been executed, we did not consider the relevant contract value in the calculation for the six months ended June 30, 2020. Based on our management's estimation after considering the workload expected to be incurred and past experience on similar projects, we expect that the total contract value for the contracts relating to the eight healthcare institutions will be over RMB3.5 million.

The following table reconciles our backlog at the end of each year to the transaction prices allocated to the remaining performance obligations as disclosed in Appendix I to this prospectus.

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Transaction prices allocated to the remaining performance obligations . . .	26,811	32,772	21,690	14,671
Add:				
Contract value for contracts with a specified price cap	23,035	9,504	1,217	1,017
Tax	2,330	7,760	4,928	772
Backlog at the end of the year/period . .	52,176	50,036	27,835	16,460

In 2017, 2018, 2019 and the six months ended June 30, 2020, we had one, three, nil and one loss-making contracts, respectively, representing approximately 1.2%, 1.5%, nil and 0.7% of the number of our total contracts during the same periods, respectively. We had loss-making contracts in 2017 and 2018, primarily because we were in the early development stage in 2017 and 2018 and we strategically offered some of our IT solutions with competitive pricing to break into the market.

As of June 30, 2020, we had 68, 17 and three ongoing contracts for financial institutions, healthcare institutions and other enterprises, respectively. As of June 30, we also had 20 ongoing contracts without a fixed price or a price cap for our IT solutions for financial institutions. In the period from July 1, 2020 to the Latest Practicable Date, we entered into 62 new contracts with our customers. As of the Latest Practicable Date, we had completed 34 of the abovementioned 170 contracts and thus we had a total of 136 backlog contracts as of the same date. The following table sets forth the number of the backlog contracts, their original total contract value and their outstanding contract value as of the Latest Practicable Date.

	Number of Backlog Contracts	Original Contract Value	Outstanding Contract Value[(1)]
	(RMB in thousands, except for number of contracts)		
Financial Institutions	111	129,132	41,497
Contracts with a fixed price	79	113,464	37,091
Contracts without a fixed price			
Contracts with a specified price cap	9	15,668	4,406
Contracts without a specified price cap	23	–	–
Healthcare Institutions	24	37,370	22,344
Contracts with a fixed price	24	37,370	22,344
Contracts without a fixed price			
Contracts with a specified price cap	–	–	–
Contracts without a specified price cap	–	–	–
Other Enterprises	1	265	16
Contracts with a fixed price	1	265	16
Contracts without a fixed price			
Contracts with a specified price cap	–	–	–
Contracts without a specified price cap	–	–	–
Total	**136**	**166,767**	**63,857**

Note:

(1) The outstanding contract value is calculated based on the revenue recognized in the six months ended June 30, 2020, and the revenue recognized in the four months ended October 31, 2020 based on our management's account.

In addition, as of the Latest Practicable Date, we had a total of 23 ongoing contracts without a fixed price or a price cap, for which we do not take into account the contract value for the calculation of backlog in the above table. Based on our management's estimation after considering the workload already incurred, the workload expected to be incurred and past experience on similar projects, we expect that the total remaining contract value for these contracts, after deducting the revenue already recognized, will be over RMB60.0 million. Furthermore, as of the Latest Practicable Date, we had a total of 52 awarded projects with our engagement confirmed but we had not yet started implementation, and the total contract value for such awarded projects is approximately RMB39.1 million.

The following table sets forth the number of projects we had been awarded in 2019, and the number and the expected number of projects we had been and expect to be awarded in 2020, by industry sector of end users, solution type and each key solution.

	2019	2020
	Number of Projects	**Number of Projects**
IT solutions for financial institutions	109	121
Traditional software-driven solutions	88	72
- BEAI platform	13	11
- Unified payment platform system	13	6
- UnionPay card access and settlement reconciliation system	13	9
- Others	49	46
Innovative software-driven solutions	21	49
- Over-the-counter bond bookkeeping system	10	42
- Distributed trading platform	4	1
- RPA solution (solution powered by data analysis and image and text recognition technologies)	5	6
- Others	2	–
IT solutions for healthcare institutions	48	28
Innovative software-driven solutions	48	28
- Medical quality control and safety warning system	40	21
- Critical values warning system	–	1
- Clinical pathway management system	1	–
- Telemedicine system	5	4
- Intelligent healthcare platform	–	2
- Others	2	–
IT solutions for other enterprises	6	–
Traditional software-driven solutions	6	–
- Human resource management system	1	–
- Budget management system	2	–
- Project management system	3	–
- Others	–	–
Total	163	149

The following table sets forth the number and the total contract value of our tendered projects and the number and the total budget amount of our projects under negotiation by industry sector of end users, solution type and each key solution as of the Latest Practicable Date.

	Tendered projects		Projects under negotiation	
	Number of Projects	Total Contract Value	Number of Projects	Total Budget Amount
	(RMB in thousands, except for number of projects)			
IT solutions for financial institutions	16	45,419	72	88,659
Traditional software-driven solutions	10	38,794	35	46,509
- BEAI platform	4	31,574	12	14,855
- Unified payment platform system	–	–	1	900
- UnionPay card access and settlement reconciliation system	–	–	5	7,247
- Others	6	7,220	17	23,507
Innovative software-driven solutions	6	6,625	37	42,150
- Over-the-counter bond bookkeeping system	5	4,675	26	27,120
- Distributed trading platform	–	–	4	8,850
- RPA solution (solution powered by data analysis and image and text recognition technologies)	1	1,950	7	6,180
- Others	–	–	–	–
IT solutions for healthcare institutions	6	107,040	29	84,210
Innovative software-driven solutions	6	107,040	29	84,210
- Medical quality control and safety warning system	5	8,080	23	26,610
- Critical values warning system	–	–	–	–
- Clinical pathway management system	–	–	2	2,700
- Telemedicine system	–	–	2	2,700
- Intelligent healthcare platform	1	98,960	2	52,200
- Others	–	–	–	–
IT solutions for other enterprises	–	–	–	–
Traditional software-driven solutions	–	–	–	–
- Human resource management system	–	–	–	–
- Budget management system	–	–	–	–
- Project management system	–	–	–	–
- Others	–	–	–	–
Total	22	152,459	101	172,869

Seasonality

Our business generally experiences some effects of seasonal variations. Many of our major customers tend to enter into contracts with us in the fourth quarter of a year due to their internal procurement requirements. We typically complete our projects within one year. Many of our major customers also tend to conduct the inspection and other procedures for acceptance of our services under many contracts entered into with us in the fourth quarter of a year, due to their internal approval and payment process, so that most of our contracts was completed in the fourth quarter of a year. See "Financial Information — Key Factors Affecting Our Results of Operations — Seasonality" for further details.

OUR CUSTOMERS

Our customers primarily include banks, trust companies, asset management companies and other financial institutions, hospitals and other healthcare institutions in China. Our customers also include system integrators, which purchase our software-driven solutions for integration with their solutions. There is no material difference in our contracts terms and service scope for system integrators and our other customers.

The following table sets forth a breakdown of our revenue and the number of customers by end users type for each of the periods indicated.

	Year ended December 31,									Six months ended June 30,					
	2017			2018			2019			2019			2020		
	Number of Customers	Revenue	% of Total Revenue	Number of Customers	Revenue	% of Total Revenue	Number of Customers	Revenue	% of Total Revenue	Number of Customers	Revenue	% of Total Revenue	Number of Customers	Revenue	% of Total Revenue
	(RMB in thousands, except for percentage and number of customers)														
Financial institutions	23	20,676	98.1%	63	109,669	91.0%	74	126,974	85.2%	74	46,714	83.2%	76	53,053	90.3%
Banks	18	13,763	65.3%	48	76,266	63.3%	54	76,421	51.3%	59	34,019	60.6%	55	33,774	57.5%
Trust companies	2	2,523	12.0%	4	10,557	8.8%	6	19,734	13.2%	3	6,681	11.9%	4	9,195	15.7%
Asset management companies	1	3,309	15.7%	1	9,020	7.5%	1	9,559	6.4%	1	2,019	3.6%	1	4,463	7.6%
Other financial institutions	2	1,081	5.1%	10	13,826	11.5%	13	21,260	14.2%	11	3,995	7.1%	16	5,621	9.6%
Healthcare institutions	–	–	–	2	–	–	45	12,294	8.3%	8	4,024	7.2%	45	2,720	4.6%
Hospitals	–	–	–	2	–	–	43	11,347	7.6%	7	3,836	6.8%	43	2,599	4.4%
Other healthcare institutions	–	–	–	–	–	–	2	947	0.6%	1	188	0.3%	2	121	0.2%
Other enterprises	2	390	1.9%	6	10,902	9.0%	5	9,702	6.5%	6	5,414	9.6%	8	2,982	5.1%
Enterprises in the IT industry	1	388	1.9%	3	6,071	5.0%	2	1,770	1.2%	3	–	–	4	776	1.3%
Logistics companies	–	–	–	1	–	–	1	6,383	4.3%	1	5,414	9.6%	1	1,155	2.0%
Others	1	2	0.0%	2	4,831	4.0%	2	1,549	1.0%	2	–	–	3	1,051	1.8%
Total	25	21,066	100.0%	71	120,571	100.0%	124	148,970	100.0%	88	56,152	100.0%	129	58,755	100.0%

In 2017, 2018, 2019 and the six months ended June 30, 2020, we had 25, 71, 124 and 129 customers, respectively. In 2017, 2018, 2019 and the six months ended June 30, 2020, we had 25, 46, 53 and five new customers, respectively. In 2017, 2018, 2019 and the six months ended June 30, 2020, we had four, 34, 51 and 35 repeat customers, respectively. During the Track Record Period, other than hospitals, we also provided our healthcare IT solutions for other healthcare institutions, including a biotechnology company and a medical research institution.

During the Track Record Period, we procured our customers and obtained business opportunities through direct engagements and tendering processes. Our sales and marketing staff is responsible for customer development and customer relationship management. In a direct engagement process, customers directly negotiate with us without tendering procedures. To obtain engagements, our sales and marketing staff actively conduct extensive pre-sales market research to identify potential customers, and carry out on-site pitching and business discussions with potential customers for new engagements and set up hotlines for inquiries. See "— Sales and Marketing." Our technical staff is capable to design, develop and implement IT solutions that meet specific and evolving business needs of our customers. See "— Our Project Cycle and Service Process." With our early-mover advantages in our key IT solutions for financial institutions and healthcare institutions, good technological capabilities in data technologies and other technologies and visionary and experienced management team with in-depth industry expertise, we gradually built up our reputation and enlarged our customer base. At times, we may also receive referral leads from our existing customers after successful cooperation.

We receive requests for quotation or tender invitations from our customers from time to time. Our relationship with customers is primarily governed by sales agreements we enter into with them, which may cover a combination of different service offerings. During the Track Record Period, we typically granted to our customers a credit period ranging from 30 to 180 days upon receipt of certain forms of acceptance from our customers, depending on contract terms and our evaluation of customer's creditworthiness. We generally only enter into agreements with our customers on a project-by-project basis. The principal terms of such sales agreements typically include:

- ***Duration.*** As we provide our solutions to customers on a project-by-project basis, our sales agreements with customers for our software development services and our self-developed software products generally do not have a specific duration. Our project durations for our technical and maintenance services vary case by case, typically ranging from 12 months to 36 months.

- ***Pricing.*** Based on the nature, duration and complexity of each project, we primarily provide our solutions and services on a fixed price basis. We may also charge customers service fees based on actual manpower involved in relevant projects and we may or may not set a price cap with our customers for such contracts, depending on the actual circumstances.

- ***Rights and obligations of the parties.*** We are generally responsible for the implementation, testing, maintenance and training of our solutions for our software development services, delivery of our software products and our technical and maintenance support services. Our customers are generally responsible to provide information relevant to and facilities for the implementation of our solutions.

- ***Inspection and acceptance.*** Our customers are required to complete the inspection and other procedures for acceptance of our solutions for our software development services and our software products within certain days upon our delivery, and are entitled to reject the delivery of any substandard or defective products.

- ***Warranty.*** We generally warrant that our solutions conform to the relevant technical specifications during the warranty period, which normally ranges from 12 months to 36 months after the completion of a project. During the warranty period, we provide free technical and maintenance services. We also provide maintenance services for a fee after expiry of the original warranty period.

- ***Payment method.*** Our customers generally make payments to us via bank transfers in installments, the schedule of which are specified by terms of sales agreements. Such installments for the sales of our software development services and our software products may be scheduled to include (1) payment after contract signing, (2) payment after inspection and final testing, (3) payment one year after final testing, and (4) payment upon the lapse of the warranty period specified. For our technical and maintenance services, our customers generally make payments to us periodically.

- ***Confidentiality.*** Neither party shall disclose to any third party the business information, technical information or operating information of the other party obtained during the cooperation, unless otherwise stipulated by laws and regulations.

- ***Termination.*** The agreements may be terminated upon the occurrence of certain specified events, such as a force majeure event, or a party's failure to perform its obligations under the agreements.

During the Track Record Period, there was no material breach of the agreements by the customers or us which caused or could cause a material adverse effect on our business, results of operations or financial condition. The following table sets forth certain information of our five largest customers during the Track Record Period.

Customer	Revenue recognized	Percentage of total revenue	Approximate length of relationship	Procurement method	Background	Scale of operation[(1)]	Credit period granted
	(RMB in million)	(%)	(Years)				(days)
Six months ended June 30, 2020							
Customer b	13.3	22.6	2.9	Direct engagement	A state-owned national joint-stock commercial bank primarily engaged in financial services covering over 100 cities in China and headquartered in Beijing	Revenue in 2019 was RMB84.7 billion and total assets as of December 31, 2019 was RMB3.0 trillion	45-150
Customer a	9.1	15.5	3.1	Direct engagement	A top-tier IT company primarily engaged in computer information system integration and headquartered in Beijing	Revenue in 2019 was RMB8.8 billion and total assets as of December 31, 2019 was RMB16.8 billion	30-90

Customer	Revenue recognized	Percentage of total revenue	Approximate length of relationship	Procurement method	Background	Scale of operation[1]	Credit period granted
	(RMB in million)	(%)	(Years)				(days)
Customer c	6.2	10.6	2.3	Tendering	A state-owned trust company primarily engaged in trust-related financial services and headquartered in Xi'an, Shaanxi province	Revenue in 2019 was RMB2.7 billion and total assets as of December 31, 2019 was RMB10.3 billion	30-60
Customer d	4.5	7.6	3.0	Tendering	A state-owned asset management company primarily engaged in financial asset management services and headquartered in Beijing	Revenue in 2019 was RMB96.1 billion and total assets as of December 31, 2019 was RMB1.5 trillion	30-60
Customer e	3.8	6.4	1.8	Direct engagement	A local IT company primarily engaged in data processing and cloud computing headquartered in Beijing	Registered capital was RMB28.7 million	45-120
Total	36.9	62.7					

Customer	Revenue recognized	Percentage of total revenue	Approximate length of relationship	Procurement method	Background	Scale of operation[(1)]	Credit period granted
	(RMB in million)	(%)	(Years)				(days)
2019							
Customer b	23.9	16.0	2.9	Direct engagement	A state-owned national joint-stock commercial bank primarily engaged in financial services covering over 100 cities in China and headquartered in Beijing	Revenue in 2019 was RMB84.7 billion and total assets as of December 31, 2019 was RMB3.0 trillion	45-150
Customer a	21.4	14.4	3.1	Direct engagement	A top-tier IT company primarily engaged in computer information system integration and headquartered in Beijing	Revenue in 2019 was RMB8.8 billion and total assets as of December 31, 2019 was RMB16.8 billion	30-90
Customer c	15.5	10.4	2.3	Tendering	A state-owned trust company primarily engaged in trust-related financial services and headquartered in Xi'an, Shaanxi province	Revenue in 2019 was RMB2.7 billion and total assets as of December 31, 2019 was RMB10.3 billion	30-60
Customer d	11.6	7.8	3.0	Tendering	A state-owned asset management company primarily engaged in financial asset management services and headquartered in Beijing	Revenue in 2019 was RMB96.1 billion and total assets as of December 31, 2019 was RMB1.5 trillion	30-60
Customer f	6.4	4.3	1.8	Direct engagement	A logistics company primarily engaged in international shipping business and headquartered in Zhoushan, Zhejiang province	Registered capital was US$103.1 million	10-30
Total	78.8	52.9					

Customer	Revenue recognized	Percentage of total revenue	Approximate length of relationship	Procurement method	Background	Scale of operation[(1)]	Credit period granted
	(RMB in million)	(%)	(Years)				(days)
2018							
Customer b	29.0	24.0	2.9	Direct engagement	A state-owned national joint-stock commercial bank primarily engaged in financial services covering over 100 cities in China and headquartered in Beijing	Revenue in 2019 was RMB84.7 billion and total assets as of December 31, 2019 was RMB3.0 trillion	45-150
Customer a	28.6	23.7	3.1	Direct engagement	A top-tier IT company primarily engaged in computer information system integration and headquartered in Beijing	Revenue in 2019 was RMB8.8 billion and total assets as of December 31, 2019 was RMB16.8 billion	30-90
Customer d	12.0	9.9	3.0	Tendering	A state-owned asset management company primarily engaged in financial asset management services and headquartered in Beijing	Revenue in 2019 was RMB96.1 billion and total assets as of December 31, 2019 was RMB1.5 trillion	30-60
Customer c	5.2	4.3	2.3	Tendering	A state-owned trust company primarily engaged in trust-related financial services and headquartered in Xi'an, Shaanxi province	Revenue in 2019 was RMB2.7 billion and total assets as of December 31, 2019 was RMB10.3 billion	30-60
Customer g	4.7	3.9	2.9	Tendering	A state-owned provincial rural commercial bank primarily engaged in financial services and headquartered in Beijing	Revenue in 2019 was RMB18.9 billion and total assets as of December 31, 2019 was RMB958.6 billion	60-120
Total	79.5	65.8					

Customer	Revenue recognized	Percentage of total revenue	Approximate length of relationship	Procurement method	Background	Scale of operation[(1)]	Credit period granted
	(RMB in million)	(%)	(Years)				(days)
2017							
Customer b	5.4	25.7	2.9	Direct engagement	A state-owned national joint-stock commercial bank primarily engaged in financial services covering over 100 cities in China and headquartered in Beijing	Revenue in 2019 was RMB84.7 billion and total assets as of December 31, 2019 was RMB3.0 trillion	45-150
Customer a	3.9	18.6	3.1	Direct engagement	A top-tier IT company primarily engaged in computer information system integration and headquartered in Beijing	Revenue in 2019 was RMB8.8 billion and total assets as of December 31, 2019 was RMB16.8 billion	30-90
Customer d	3.3	15.7	3.0	Tendering	A state-owned asset management company primarily engaged in financial asset management services and headquartered in Beijing	Revenue in 2019 was RMB96.1 billion and total assets as of December 31, 2019 was RMB1.5 trillion	30-60
Customer h	2.5	12.0	2.8	Tendering	A state-owned national trust company primarily engaged in trust-related financial services and headquartered in Beijing	Revenue in 2019 was RMB2.8 billion and total assets as of December 31, 2019 was RMB18.4 billion	10-30
Customer i	2.3	10.8	9.0	Direct engagement	A state-owned local joint-stock commercial bank primarily engaged in financial services and headquartered in Suzhou, Jiangsu province	Revenue in 2019 was RMB9.2 billion and total assets as of December 31, 2019 was RMB343.5 billion	60-80
Total	17.4	82.8					

Note:

(1) The scale of operation information was derived from annual reports and/or other public information of the relevant companies.

Customer a is an A-share listed company established in 2001 and became listed in 2006, primarily engaged in computer information system integration. The following table sets forth a brief summary of the major differences between the business of our Group and that of Customer a.

	Customer a	Our Group
Target Industries	• Customer a serves a diversified range of industries, including, among others, finance, healthcare, energy, government, Internet and computer science, and communications.	• Our Group focuses on serving finance industry and healthcare industry.
Business Model	• Customer a generated a majority of its revenue from system integration, which is a process of integrating various physical components, such as machine system and computer hardware, with software and applications sourced from different specialized vendors such as our Group. • As a system integrator, Customer a may provide software development services and technical and maintenance services, or purchase software development services, technical and maintenance services and software products from third parties based on its needs.	• Our Group provides software development services, technical and maintenance services and software sales. Our Group does not engage in any system integration and generated a majority of our revenue from software development services.
Pricing	• Customer a takes into account the cost of hardware products involved for its system integration services and for its cloud-based service, it generally charged a periodic subscription fee.	• Our Group generally determines contract price based on the estimation of workload involved for the project execution, such as the number of staff to be allocated, their respective titles and cost per person and project duration.

	Customer a	Our Group
Software Products and Services	• Customer a provides a comprehensive spectrum of software products covering its target industries.	• Our Group primarily focuses on the finance and healthcare industries and provide industry-specific IT solutions.
	• Customer a adopts software products purchased from third parties and integrates them with their own products.	• Our Group does not purchase software products for integration and only includes our self-developed software products in our services and products.
	• For finance industry, Customer a primarily provides various front-end systems, which deal directly with customers of financial institutions, under different business scenarios and are developing IT solutions to enable cloud-based financial services.	• For finance industry, our Group primarily provides middle and back-end systems, which facilitate the internal working process of financial institutions. Our IT solutions for financial institutions generally need on-site system deployment and are not cloud-based.
	• For healthcare industry, Customer a provides, among others, HIS and DRG (Diagnosis-related Group) payment system and are developing IT solutions to provide cloud-based healthcare services.	• For healthcare industry, our Group focuses on IT solutions relating to medical quality control and provide value-added services, such as data analysis and warning function, based on information extracted from hospitals' existing systems, such as HIS. Our IT solutions for healthcare institutions generally need on-site system deployment and are not cloud-based.
	• The projects of Customer a are generally larger in scale with higher contract value than those of our Group.	• Our innovative IT solutions, such as our over-the-counter bond bookkeeping system, medical quality control and safety warning system, and our solutions powered by data analysis and image and text recognition technologies, are not provided by Customer a. We are also strategically focused on the development and optimization of such solutions and plan to increase in investments in such areas in future.

	Customer a	Our Group
Sales and Distribution Channel	• Direct sales • Sales through channel partners	• Direct sales
Suppliers	• Customer a relies on third parties to provide software and hardware products.	• Our Group does not incur significant costs for purchases from third parties. The major costs incurred for our service offerings are staff costs.
Technologies application scenarios	• Customer a focuses on, among others, Internet applications and Internet operation platforms that can directly serve end users of customers' services, such as consumers in finance industry, for front-end business operations of its customers.	• Our Group primarily focuses on using data technologies, such as data collection and preprocessing, data analysis and data mining, data visualization, and technologies of RPA, NLP, machine learning and image and text recognition to provide internal systems and applications for financial institutions and healthcare institutions and enable them to improve their service quality. We generally do not directly serve end users of our customers' services.

Solely based on the financial reports published by Customer a from 2017 to 2020, which our Directors reasonably believe are reliable public source to access customer information of Customer a, our top ten customers in 2017, 2018, 2019 and the six months ended June 30, 2020, accounting for 96.9%, 79.7%, 66.4% and 75.0% of our total revenue in the same periods, respectively, did not overlap with the customers of Customer a identified in the same periods, except that in 2017, 2018, and 2019, Customer b was an overlapping customer, and in 2019, another financial institution, accounting for 1.9% of our total revenue in the same period was an overlapping customer. According to the CIC report, it is common for large-scale financial institutions to adopt IT solutions provided by a variety of IT companies due to their specific requirements for each project and expertise of different solution providers, and for an IT company serving finance industry to have overlapping customers with another IT company serving the same industry, even if they provide different products and services.

Our pricing of our Group's sales to Customer a was determined based on the estimation of workload, including the number of staff to be allocated to the relevant project, their respective titles and cost per person, and the duration of the relevant project, which was in line with our overall pricing policy. See "Sales and Marketing – Pricing Policy." During the Track Record Period, we primarily provided software development services to Customer a with contract amounts ranging from approximately RMB0.01 million to approximately RMB6.18 million, which fell within our pricing scope for our other software development customers ranging from approximately RMB0.01 million to approximately RMB30.2 million. Our credit terms for Customer a were determined based on our evaluation of its reputation, length of business relationship with us and past payment record. We required Customer a to make payments to us based on project milestones, which included contract signing, testing, inspection and completion. During the Track Record Period, our credit terms for Customer a ranged from 30 days to 90 days, which were not more favorable compared to our credit terms for other customers ranging from 10 days to 180 days. In light of the foregoing and given that our payment schedule and services for Customer a were also in line with our business practice and policies and had no material differences as compared to those for our other customers, we confirm that our transactions with Customer a were conducted on arm's length basis and normal commercial terms. The management, operation, accounting and finance functions of our Group are independent from Customer a. Other than the transactions with Customers a and the transactions with Supplier l as disclosed in "– Our Customers" and "– Our Suppliers", which were conducted on normal and commercial terms in the ordinary course of business, there has been no sharing of resources and fund flows between Customer a or its subsidiaries on the one hand, and the Group or Mr. Zhai, on the other hand, during the Track Record Period.

In 2017, 2018, 2019 and the six months ended June 30, 2020, revenue generated from our largest customer accounted for 25.7%, 24.0%, 16.0% and 22.6% of our total revenue during the same periods, respectively, and revenue generated from our five largest customers accounted for 82.8%, 65.8%, 52.9% and 62.7% of our total revenue during the same periods, respectively. In 2017, our customer base was relatively concentrated primarily because our business was at an early stage and our business scale was relatively small. As of June 30, 2020, we had maintained business relationships with our five largest customers during the Track Record Period from two to three years. A team of five sales managers with sales and marketing experience in finance industry and IT industry led by Ms. QIN Yi, our executive Director and deputy general manager, was responsible for maintaining customer relationship with our five largest customers during the Track Record Period. See "Directors and Senior Management – Board of Directors" for details.

During the Track Record Period, all of our five largest customers were Independent Third Parties, and none of our Directors, their close associates or any Shareholders (which to the knowledge of our Directors owns more than 5% of our Shares) had any interest in any of our five largest customers. There are no past or present relationships (business, employment, family, financing or otherwise) between each of our five largest customers in the Track Record Period on the one hand, and our Company, its subsidiaries, their controlling shareholders, directors and senior management and their respective associates, on the other hand, except that (1) we entered into transactions with such customers in the ordinary course of business, (2) Mr. Zhai and Ms. QIAO Huimin used to work at Customer a and/or one of its subsidiaries, see "Directors and Senior Management – Board of Directors", (3) the controller of Customer a is also a shareholder in Beijing Guanruitong E-commerce Technology Co., Ltd., a company controlled by Mr. Zhai, and (4) Mr. Zhai sold his equity interests in Beijing UFC Co., Ltd., currently a subsidiary of Customer a, to Customer a in February 2008.

The following table sets forth our top five projects in terms of revenue recognized during the Track Record Period.

No.	Customer	Major IT Solutions and Services Involved	Revenue Recognized during the Year/Period	% of Total Revenue of the Year/Period
			(RMB in thousands)	
Six months ended June 30, 2020				
1 . . .	Customer b	BEAI platform	10,225	17.4%
2 . . .	Customer a	UnionPay card access and settlement reconciliation system	3,560	6.1%
3 . . .	Customer e	A traditional software-driven system for data related services	2,844	4.8%
4 . . .	Customer c	A traditional software-driven system for employee performance evaluation	2,461	4.2%
5 . . .	Customer d	A traditional software-driven system for database development services	2,178	3.7%
Total.			21,268	36.2%
2019				
1 . . .	Customer b	Over-the-counter bond bookkeeping system and BEAI platform	8,808	5.9%
2 . . .	Customer f	Project management system	6,383	4.3%
3 . . .	Customer b	Technical and maintenance services	4,376	2.9%
4 . . .	Customer d	Customer relationship management system	3,960	2.7%
5 . . .	Customer b	BEAI platform	3,911	2.6%
Total.			27,438	18.4%
2018				
1 . . .	Customer b	Unified payment platform system and BEAI platform	7,437	6.2%
2 . . .	Customer a	UnionPay card access and settlement reconciliation system	5,806	4.8%
3 . . .	Customer b	BEAI platform	5,774	4.8%
4 . . .	Customer b	Over-the-counter bond bookkeeping system	4,249	3.5%
5 . . .	A private-owned local joint-stock commercial bank headquartered in Hong Kong	RPA solution	3,719	3.1%
Total.			26,985	22.4%

No.	Customer	Major IT Solutions and Services Involved	Revenue Recognized during the Year/Period	% of Total Revenue of the Year/Period
			(RMB in thousands)	
2017				
1 . . .	Customer d	BEAI platform	2,509	11.9%
2 . . .	Customer b	Unified payment platform system and BEAI platform	1,951	9.3%
3 . . .	Customer i	Technical and maintenance services	1,861	8.8%
4 . . .	Customer h	Unified payment platform system	1,411	6.7%
5 . . .	A state-owned local joint-stock commercial bank headquartered in Shanghai	BEAI platform	1,270	6.0%
Total.			9,002	42.7%

OUR SUPPLIERS

Our suppliers primarily include software vendors, technical support service providers, electronic equipment vendors, decoration service vendors and human resource outsourcing service providers.

We select our suppliers based on the quality of products and services, prices and our business needs. We enter into legally binding agreements with such suppliers, the major terms of which typically include:

- ***Duration.*** As most of our suppliers provide services on a project-by-project basis, our agreements with suppliers generally do not have a specific duration.

- ***Purchase price.*** The procurement agreements generally stipulate a fixed price covering all expenses incurred.

- ***Payment method.*** Depending on the type of our suppliers, we generally make one-time payment or pay fixed service fees to our suppliers in installments, the schedule of which are specified by terms of agreements.

- ***Rights and obligations of the parties.*** We shall utilize the services and products provided by our suppliers in a compliant manner during our operations, and our suppliers shall provide such products or services in accordance with our specific requirements under the agreements. Our suppliers are liable for damages incurred from the defects of products and services they supply.

- ***Confidentiality.*** Neither party shall disclose to any third party the business information, technical information or operating information of the other party obtained during the cooperation, unless otherwise stipulated by laws and regulations.

- ***Termination.*** The agreements are terminated at the end of the specified term, due to force majeure, or when one party fails to perform its obligations under the agreements.

During the Track Record Period, there was no material breach of the agreements by the suppliers or us which caused or could cause a material adverse effect on our business, results of operations or financial condition. The following table sets forth certain information of our five largest suppliers during the Track Record Period.

Supplier	Purchase amount	Percentage of total purchases	Approximate length of relationship	Background	Scale of operation[1]
	(RMB in million)	(%)	(Years)		
Six months ended June 30, 2020					
Supplier a	0.5	32.7	1.3	A local IT service provider primarily engaged in sales of electronic products and communication devices and technology development and consulting services and headquartered in Shanghai	Registered capital was RMB60.0 million
Supplier b	0.2	10.8	0.3	A local IT service provider primarily engaged in computer software and hardware development and consulting services and headquartered in Beijing	Registered capital was RMB100.0 million
Supplier c	0.1	8.7	0.1	A local IT service provider primarily engaged in computer software and hardware development and consulting services and headquartered in Beijing	Registered capital was RMB5.0 million
Supplier d	0.1	7.7	0.1	A local technology company primarily engaged in technology development and software development and headquartered in Hangzhou	Registered capital was RMB1.0 million
Supplier e	0.1	7.3	0.6	A local IT service provider primarily engaged in computer software and hardware development and consulting services and headquartered in Beijing	Registered capital was RMB39.6 million
Total	1.0	67.2			

Supplier	Purchase amount	Percentage of total purchases	Approximate length of relationship	Background	Scale of operation[1]
	(RMB in million)	(%)	(Years)		
2019					
Supplier f	4.2	36.8	8.1	A local software company primarily engaged in software development, network integration, solutions design and implementation and technical support services and headquartered in Beijing	Registered capital was RMB16.0 million
Supplier g	3.7	32.3	1.8	A local software company primarily engaged in software development, data analysis and technical support services and headquartered in Beijing	Registered capital was RMB10.0 million
Supplier h	0.7	6.5	2.6	A local IT service provider primarily engaged in software development, IT operation and maintenance services and headquartered in Xi'an, Shaanxi province	Revenue in 2019 was RMB43.3 million and registered capital was RMB20.0 million
Supplier i	0.7	6.0	0.7	A local IT service provider primarily engaged in software integration and sales and maintenance of electronic equipment and headquartered in Beijing	Registered capital was RMB15.0 million
Supplier j	0.5	4.3	7.7	A local software company primarily engaged in software development, computer system services and relevant human resource services and headquartered in Beijing	Registered capital was RMB2.0 million
Total	9.8	85.9			

Supplier	Purchase amount	Percentage of total purchases	Approximate length of relationship	Background	Scale of operation[1]
	(RMB in million)	(%)	(Years)		
2018					
Supplier f	1.8	22.8	8.1	A local software company primarily engaged in software development, network integration solutions design and implementation and technical support services and headquartered in Beijing	Registered capital was RMB16.0 million
Supplier h	1.5	20.0	2.6	A local IT service provider primarily engaged in software development, IT operation and maintenance services and headquartered in Xi'an, Shaanxi province	Revenue in 2019 was RMB43.3 million and registered capital was RMB20.0 million
Supplier k	1.3	17.4	2.1	A decoration company primarily engaged in decoration design and construction for commercial buildings and headquartered in Beijing	Registered capital was RMB6.0 million
Supplier l[2]	0.9	12.2	1.7	A subsidiary of a top-tier IT company that primarily engaged in computer information system integration and headquartered in Zhengzhou, Henan province	Registered capital was RMB100.0 million
Guangzhou Hongtian Software Co., Ltd. (廣州宏天軟件股份有限公司)	0.4	5.3	2.6	A local software company primarily engaged in software development and sales of software and computer accessories and headquartered in Guangzhou, Guangdong province	Registered capital was RMB5.0 million
Total	5.9	77.7			

Supplier	Purchase amount	Percentage of total purchases	Approximate length of relationship	Background	Scale of operation[(1)]
	(RMB in million)	(%)	(Years)		
2017					
Supplier m	1.5	36.0	3.4	A decoration company primarily engaged in decoration design and construction for commercial buildings and headquartered in Beijing	Registered capital was RMB5.0 million
Supplier n	1.1	25.5	6.7	A hardware manufacturer primarily engaged in production, sales and maintenance of electronic equipment and headquartered in Shanghai	Registered capital was RMB32.6 million
Supplier o	0.5	12.7	3.4	A decoration company primarily engaged in decoration design and construction for commercial buildings and headquartered in Beijing	Registered capital was RMB5.0 million
Supplier p	0.4	9.6	4.7	A local software company primarily engaged in software development and sales of electronic equipment and headquartered in Nanjing, Jiangsu province	Registered capital was RMB10.5 million
Supplier q	0.2	4.2	3.2	A local software company primarily engaged in software development, computer system services and computer technology training services and headquartered in Beijing	Registered capital was RMB1.0 million
Total	3.7	88.0			

Notes:

(1) The scale of operation information was derived from the annual reports and/or other public information of the relevant companies.

(2) In 2018, we engaged Supplier l, a subsidiary of Customer a, to provide technical support services for us to support our development of certain software products with a purchase amount of RMB0.9 million. Such purchase was conducted during our ordinary course of business and was a one-off transaction. We do not expect to enter into similar transaction with Customer a or any of its subsidiaries in the future. The price of such technical support services provided by Supplier l fell within the price charged by our other suppliers of similar services ranging from approximately RMB0.04 million to approximately RMB2.4 million. The credit terms provided by Supplier l ranged from 60 days to 120 days, which fell within the range of credit terms provided by our other suppliers of similar services ranging from 10 days to 210 days. The provisions of our agreement with Supplier l were on normal and commercial terms and the relevant pricing terms, credit terms, payment schedule and services as provided in such agreement had no material difference as compared to those provided by our other suppliers of similar services. Based on the foregoing, we confirm that our transactions with Supplier l were conducted on arm's length basis and normal commercial terms.

In 2017, 2018, 2019 and the six months ended June 30, 2020, purchases from our largest supplier accounted for 36.0%, 22.8%, 36.8% and 32.7% of our total purchases during the same periods, respectively, and purchases from our five largest suppliers accounted for 88.0%, 77.7%, 85.9% and 67.2% of our total purchases during the same periods, respectively. Our five largest suppliers for each of 2017, 2018, 2019 and the six months ended June 30, 2020 included software vendors, technical support service providers, decoration service vendors, human resource outsourcing service providers and electronic equipment vendors. During the Track Record Period, we selected different technical support service providers as our suppliers based on the specific business needs and technical requirements of different projects. We had certain new technical support service providers in the five largest suppliers for the six months ended June 30, 2020 because the new suppliers we engaged in 2020 were more suitable for our new projects. Our major suppliers in the software industry primarily provide standard software which do not require complex software development process and professional software deployment, human resource outsourcing technical support services and electronic equipment. As comparison, we focus on providing IT solutions which require in-depth knowledge of customers' business models and tailored software development and deployment to accommodate customers' business needs. During the Track Record Period, we purchased standard software and electronic equipment from suppliers to support our software development process and as our business expanded rapidly and required increasing manpower to support, we also engaged suppliers to provide technical support services by allocating technical personnel to conduct some time-consuming work which did not require sophisticated technological capabilities. Our Directors are of the view that our Group is not subject to significant concentration risk of suppliers, on the basis that (1) the amount of our purchases from five largest suppliers is insignificant as compared to our total revenue. We did not incur significant purchase costs as the major costs incurred for the provision of our IT solutions are staff costs and we do not rely on the supply of products and services to provide our IT solutions; and (2) our purchases from five largest suppliers mainly involve off-the-shelf products and services and we are able to find alternative suppliers at similar prices readily available in the market without incurring significant costs. We do not believe we are subject to any material risks related to changes in our supplier costs.

During the Track Record Period, all of our five largest suppliers were Independent Third Parties, and none of our Directors, their close associates or any Shareholders (which to the knowledge of our Directors owns more than 5% of our Shares) had any interest in any of our five largest suppliers.

QUALITY ASSURANCE

Quality assurance of our software-driven solutions is critical for our business, and we have implemented quality assurance and quality control procedures in line with applicable industrial standards to help ensure that our solutions have met our customers' requirements and expectations. We usually prepare a quality assurance plan tailored for each project, and perform a variety of inspections and testing throughout all phases of the project cycle, including, among others, solution design, development and implementation phases. Also, our quality assurance personnel keep records of defects and irregularities detected as well as their corresponding remedies by way of quality assurance reports. In addition, we also provide technical support and trainings to our customers to ensure the functionality of our solutions.

We have received a number of qualifications in relation to our quality assurance. The following table sets out a list of such qualifications currently held by our Company.

Qualification	Granting Authority	Grant Date	Expiration Date
Certificate for CMMI®-DEV v1.3 Maturity Level 5 (CMMI®-DEV v1.3 成熟度5級證書)	CMMI Institute Partner (CMMI研究院合作夥伴)	October 12, 2020	September 12, 2023
Enterprise Auditing General System Software Product Certificate (企業審計通用系統軟件產品證書)	Beijing Software and Information Service Industry Association (北京軟件和信息服務業協會)	September 30, 2017	September 30, 2022
Quality Management Systems Certificate (質量管理體系認證證書)	International Accreditation Forum (國際認可論壇) China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會)	November 7, 2018	September 16, 2021
Information Security Management System Certificate (信息安全管理體系認證證書)	International Accreditation Forum (國際認可論壇) China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會)	May 25, 2020	May 24, 2023
Service Management System Certificate (服務管理體系認證證書)	China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會)	May 25, 2020	May 24, 2023

We did not experience any material quality control issues during the Track Record Period and up to the Latest Practicable Date.

COMPETITION

The IT solution market in China is highly competitive and fragmented. The market is characterized by rapid technological advances, frequent product upgrades and changes in regulatory requirements. The competition is increasingly keen in the healthcare IT solution industry in China. We face intensive competition from other companies that focus on developing and commercializing IT solution for financial institutions or healthcare institutions. We also face competition from traditional players that focus on IT solutions for general enterprises' use. More established technology companies that possess substantial financial resources, sophisticated technological capabilities and broad distribution channels may develop solutions that directly compete with ours. We believe the key successful factors in the market include:

- early-mover advantage in new technologies;
- good research and development capability and continuous investment in research and development;
- deep understanding of customer demands;
- well-maintained relationships with customers; and
- proven track record.

For details of China's IT solution industry, see "Industry Overview." For risks relating to our competitiveness in the industry, please see "Risk Factors — Risks Relating to Our Business and Industry — If we fail to compete effectively, we may lose customers, which could materially and adversely affect our business, results of operations and financial condition."

AWARDS AND RECOGNITION

During the Track Record Period, we earned a number of awards and recognitions for our products, services and operations, some of which are set forth below.

Year	Award	Awarding Institution
2019	Beijing Grade-AAA Credit Enterprise (北京市信用AAA級企業)	Beijing Software and Information Service Industry Association (北京軟件和信息服務業協會) Beijing Enterprise Evaluation Association (北京企業評價協會)
2018	Member of the Ninth Council (第九屆理事會會員單位)	Beijing Software and Information Service Industry Association (北京軟件和信息服務業協會)

INTELLECTUAL PROPERTY

Intellectual property rights are fundamental to our business, and we devote significant time and resources to their development and protection. As of the Latest Practicable Date, we registered one domain name, 51 software copyrights, one trademark and one patent in China. All of our registered 51 software copyrights relate to systems and platforms our technical team developed to further develop our IT solutions. According to the CIC Report, patents are usually applied for hardware products and it is an industry norm that IT solution providers offering software-driven solutions usually do not apply for large amounts of patents for their in-house developed software related technologies, primarily because patented technologies would hamper their capability to customize IT solutions to meet different customers' specific demands, and thus undermine their marketing efforts. Instead, such IT solution providers usually apply for software copyrights to protect their in-house developed software related technologies, according to the CIC Report. For details of our material intellectual property rights, see "Appendix IV — Statutory and General Information — B. Further Information about Our Company's Business — 2. Intellectual Property Rights."

According to the contracts with our customers, we own the intellectual property rights for the basic versions of our IT solutions. Based on the basic versions of our IT solutions, we developed customized solutions with tailored functions to meet our customers' specific needs. Generally, upon our customers' requests and based on negotiations, our customers and we could jointly own the intellectual property rights or we could grant the intellectual property rights to our customers for the customized IT solutions.

We seek to protect our intellectual property rights through a combination of trademark, copyright and trade secret protection laws in China and other jurisdictions, as well as through confidentiality agreements with our employees and customers. As of the Latest Practicable Date, we entered into confidentiality agreements with all members of our senior management team and core personnel of our technical team. We also implemented strict confidentiality protocols to regulate our employees in general and we included confidentiality provision in our sales and procurement agreements. As of June 30, 2020, we did not find any misappropriations of our intellectual property rights. Unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights may adversely affect our business and results of operations. See "Risk Factors — Risks Relating to Our Business and Industry — Any failure to protect our intellectual property rights may adversely affect our business and reputation."

We believe we have used our best efforts to ensure compliance with applicable intellectual property laws. During the Track Record Period, no material claims or disputes were brought against us in relation to any infringement of trademarks, copyrights or other intellectual property. See "Risk Factors — Risks Relating to Our Business and Industry — Third parties may claim that we infringe their intellectual property rights, which could cause us to incur significant legal expenses and prevent us from promoting our solutions."

PROPERTIES

As of June 30, 2020, we had no single property with a carrying amount of 15% or more of our Group's total assets. On this basis, no property valuation report in respect of our Group's property interests is required in reliance upon the exemption provided by Rule 5.01A of the Listing Rules and Section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). Therefore, this prospectus is exempted from compliance with the requirements of Section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

As of the Latest Practicable Date, we operated our businesses in China through three leased properties in Beijing, Shanghai and Xi'an, with a total gross floor area of approximately 2,067 square meters. Such properties primarily serve as our offices.

Our lease agreements in respect of the three leased properties in China generally have expiration dates ranging from December 8, 2020 to July 9, 2023. All lessors are Independent Third Parties. As of the Latest Practicable Date, the lease agreements for all of our leased properties were registered with relevant PRC government authorities. We plan to renew our leases or negotiate new terms when the existing leases expire. We did not experience material difficulties in negotiating renewal of our leases with our lessors during the Track Record Period and up to the Latest Practicable Date. We believe that there is sufficient supply of comparable office premises in Beijing, Shanghai and Xi'an. Furthermore, even if we experience temporary interruptions to our usage of any of our leased properties, we believe that our employees can continue to perform the material aspects of their duties remotely given that our offices do not carry out any production, manufacturing or physical retail activities, and our offices in other locations can adequately support our business operations in areas where we experience temporary interruptions through our technology infrastructure. As of the Latest Practicable Date, we had 26 self-owned physical servers located in our leased properties in Beijing. We believe that we do not rely on the existing leases for our business operations, and, in the event that these leases need to be terminated, we can find substitute facilities on comparable terms.

EMPLOYEES

We had 378, 457, 502 and 474 employees as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. As of June 30, 2020, none of our employees was located outside of the PRC, and all of our employees were directly employed by us. The following table sets forth the number of our full-time employees by function as of June 30, 2020.

Function	Number of full-time employees	Percentage
Management and general administration	36	7.6%
Technical		
– Project execution	360	75.9%
– Research and development	43	9.1%
Sales and marketing	35	7.4%
Total	**474**	**100%**

Our success depends on our ability to attract, retain and motivate qualified personnel. We adopt high standards in recruitment with strict procedures to ensure the quality of new hiring and use various methods for our recruitment, including campus recruitment, online recruitment, internal reference and recruiting through headhunter firms or agents, to satisfy our demands for different types of talents. We provide pre-employment and regular continuing trainings to our employees, which we believe are effective in equipping them with the skill set and work ethics that we require.

Among our technical staff, (1) our project execution staff are responsible for our solution delivery and technical and maintenance services based on customers' needs, and (2) our research and development personnel are responsible for the research and development of our technologies and products. We assign our technical staff to project execution or research and development work on a project-by-project basis based on specific project needs and our employees' expertise. Thus, the staff allocation among various projects and between project execution and research and development functions varies from month to month based on our business needs. See "— Research and Development" in this section for further disclosure on our research and development personnel. As of June 30, 2020, we had 21 and 22 research and development personnel allocated to research and development work relating to finance IT solutions and healthcare IT solutions, respectively.

We handle the employment and dismissal of employees in accordance with applicable laws and regulations such as the Labor Contract Law. During the Track Record Period, we entered into employment agreements with all of our full-time employees. As required by PRC laws, we participate in mandatory employee social security schemes that are organized by municipal and provincial governments, including pension insurance, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing funds. As advised by our PRC Legal Advisors, we are required under PRC law to make contributions to employee social security schemes at specified percentages of the salaries, bonuses and certain allowances of our employees.

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

We are generally required to maintain a stable technical team during the project execution under our contracts with our customers. Our core management team and technical team members have worked collaboratively for more than ten years. As of the Latest Practicable Date, we had not violated such requirement under any of our contracts with customers.

Our reliance on our key technical staff and technology supervisors is limited. We have taken various measures to manage our employees, especially our technical staff, including centralized human resource management, systematic training, and competitive compensation packages. We allocate our technical staff to different projects in a centralized way and avoid allocating same group of technical staff to different projects of the same customer, mitigating reliance on certain personnel in our communication with and service provision to customers. Also, we continuously provide comprehensive trainings to our technical staff, equipping them with knowledge and skills to perform a variety of functions on different projects and allowing us to quickly find qualified and suitable replacement internally in the event of employee's demission. In addition, we offer competitive compensation packages and have a fair performance-based reward system. We may also reward our key technical staff and technology supervisors through our Post-IPO Share Option Scheme. The foregoing measures considerably boost both the morale and the loyalty of our technical staff, thereby effectively minimizing our key person dependency risk and reducing the chance of them leaving us. Furthermore, we enter into standard contracts and agreements regarding confidentiality, intellectual property, employment and non-compete with all of our executive officers and all of our employees. These contracts typically include a non-compete provision effective during and up to two years after their termination of employment relationship with us and a confidentiality provision effective during and up to two years after their termination of employment relationship with us. During the Track Record Period and up to the Latest Practicable Date, we did not lose any project due to resignation of any key members of our technical team. See “Risk Factors — Risks Relating to Our Business and Industry — Our business depends substantially on the continuing efforts of our management and other key personnel, as well as a competent workforce that supports our existing operations and future growth. If we fail to attract, motivate and retain talents, our operations and growth prospects may be severely disrupted.”

We believe that we maintain a good working relationship with our employees and we had not experienced any material labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, we did not have any labor union, nor did our employees negotiate their terms of employment through any labor union or by way of collective bargaining agreements.

INSURANCE

We do not maintain property insurance, key employee insurance, business interruption insurance or product liability insurance, which we believe is in line with general market practice based on publicly available information relating to IT solution providers in China. We do not maintain insurance policies covering damages to our technological infrastructure or litigation insurance. During the Track Record Period, we did not make any material insurance claims in relation to our business. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. See “Risk Factors — Risks Relating to Our Business and Industry — Our limited insurance coverage could expose us to significant costs and business disruption.”

APPROVALS, LICENSES AND PERMITS

Our Directors, as advised by our PRC Legal Advisors, confirm that during the Track Record Period and up to the Latest Practicable Date, we obtained all licenses, permits, and approvals necessary to conduct our operations in all material respects from the relevant government authorities in China, and such licenses, permits, approvals and certificates remained in full effect. As confirmed by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, our Group was not required to obtain any industry-specific permit or license for carrying out our ordinary course of business in China, except for those we have obtained.

OCCUPATIONAL SAFETY AND ENVIRONMENTAL MATTERS

We place emphasis on occupational health and work safety during the delivery of our solutions and services and have adopted a preventive approach with an emphasis on hazard management and risk assessment. To achieve this, we have established safety plans and in-house rules to provide our employees with a safe and healthy working environment by specifying various safety measures. We have an occupational safety management system for the purpose of risk identification and have adopted a code of practice in relation to enforcing fire safety and operation safety for employees to comply with in reporting and handling accidents.

We do not operate in a highly-polluting industry, and our production processes primarily involve software development. However, we regard environmental protection as an important corporate responsibility, and have taken measures to facilitate the environmental-friendliness of our workplace by encouraging, among other things, an energy-saving culture within our Group.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant workplace accident or encounter any material non-compliance issues with respect to any applicable laws and regulations on safety; and we were not subject to any material fine, claim or administrative penalties arising from non-compliance with applicable environmental laws, rules and regulations.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We are subject to legal proceedings, investigations and claims arising in the ordinary course of our business from time to time. As of the Latest Practicable Date, we were not involved in any material litigation or arbitration proceedings pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, financial condition or results of operations.

Compliance

We are subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in China. Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of applicable laws and regulations that is likely to have a material and adverse effect on our business, financial condition or results of operations, and we did not experience any systemic non-compliance incident that may reflect negatively on the ability or tendency of our Company or our Directors or senior management to operate in a compliant manner. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we complied with the relevant laws and regulations in all material respects.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have engaged an independent internal control consultant to conduct an evaluation of our internal control system in connection with the Listing. The internal control consultant has conducted review procedures on our internal control system in certain aspects, including sales, procurement, human resources, corporate governance, accounting management, financial procedures and information management. The internal control consultant conducted its work from November 2019 to December 2019 and provided a number of findings and recommendations. The major findings relate to lack of certain documentation policy, incomplete recording in certain operations and weak management of information system. The recommendations provided by internal control consultant for such major findings include adoption of relevant policies, retention of relevant records and enhancing general management of information system. We have subsequently taken remedial actions in response to such findings and recommendations. The internal control consultant performed follow-up procedures on our remedial actions in January 2020 and did not identify any material deficiency in our internal control system. After considering the remedial actions that we have taken, our Directors are of the view that our internal control system is adequate and effective for our current operations. In particular, we have implemented internal control policies prohibiting employees from installing and using unlicensed software on desktops and laptops owned by us, and require employees to manage and regularly check the software installed on desktops and laptops owned by us and uninstall any unlicensed software. The internal control consultant reviewed such policies during its evaluation procedures performed in 2019 and considered that such policies, if implemented effectively and continuously, can reasonably mitigate the risk of software infringement. Our Group and the Sole Sponsor, PRC legal advisors to the Sole Sponsor and the Independent Auditor and Reporting Accountants (together, the "**Inspectors**") performed inspection on the desktops and laptops owned by us in March 2020 and confirmed no software infringement was identified. Base on review of the information provided by our Group and the Inspectors, the internal control consultant did not notice material deficiencies in the implementation of such policies which prohibit employees from installing and using unlicensed software.

We have taken the following internal control measures in relation to anti-bribery and anti-corruption:

- Established multi-level approval procedures regarding internal fund use approval and internal procurement procedures to reduce the chance of bribery and corruption actions;

- Assigned specialists in the human resource department to supervise employees' actions, conduct investigations and prepare reports to our Board for any identified bribery and corruption actions;

- Conducted regular employee trainings regarding anti-bribery and anti-corruption laws, regulations and professional ethics; and

- Conducted background investigations for potential employees, including education background, work experience and criminal records, including any bribery and corruption actions.

We have designated responsible personnel in our Company, who are familiar with our business operations and have accounting and legal background, to monitor the ongoing compliance by our Company and subsidiaries with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of any necessary measures. In addition, we plan to provide our Directors, senior management and relevant employees with continuing training programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance.

Risk Management

We are exposed to various risks in the operations of our business and we believe that risk management is important to our success. Key operational risks faced by us include, among others, changes in general market trends of the IT solution industry, changes in the regulatory environment in the IT solution industry in China, our ability to maintain, improve and innovate our solutions, our ability to retain technical staff, the amount of delayed payments and/or defaults, and stability and growth of our customer base. See "Risk Factors" for disclosures on various risks we face. In addition, we also face numerous market risks, such as interest rate, credit and liquidity risks that arise in the normal course of our business. For a discussion on these market risks, see "Financial Information — Quantitative and Qualitative Disclosures about Market Risk."

We have implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including the administration of daily operations, financial reporting and recording, fund management, compliance with applicable laws and regulations. Our Board oversees and manages the overall risks associated with our operations. We have established an audit committee to review and supervise the financial reporting process and internal control system of our Group. See "Directors and Senior Management — Board Committees — Audit Committee" for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee. We have prepared written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

Ongoing Measures to Monitor the Implementation of Risk Management Policies

Our audit committee and senior management monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our operations.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhai, through Nebula SC, held 54.6% of the total issued share capital of the Company, and Mr. Yuan (being one of the controlling shareholders of the Company prior to the Listing), through Earnest Kai, held 36.4% of the total issued share capital of the Company. Immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), Mr. Zhai, through Nebula SC, will be beneficially interested in 40.95% of the enlarged share capital of the Company, and Mr. Yuan, through Earnest Kai, will be beneficially interested in 27.30% of the enlarged share capital of the Company. Since Mr. Yuan, through Earnest Kai, will hold less than 30% of our total issued share capital following the completion of the Global Offering, Mr. Yuan and Earnest Kai will not be regarded as our controlling shareholders as defined under the Listing Rules upon Listing. Accordingly, Mr. Zhai and Nebula SC are considered as our Controlling Shareholders immediately following the Global Offering.

BUSINESS DELINEATION AND COMPETITION

Our core business is providing IT solutions for financial institutions and healthcare institutions. Our software-driven solutions enable financial institutions, healthcare institutions and other enterprises to achieve intelligent business processing and data visualization, improve operational efficiency and optimize service quality.

As of the date of this prospectus, other than our business, Mr. Zhai held approximately 82.88% equity interests in and served as the chairman of the board of Beijing Guanruitong E-commerce Technology Co., Ltd. (北京冠瑞通電子商務科技股份有限公司) ("**Guanruitong**"), which is primarily engaged in e-commerce business providing office merchandise procurement service for corporate customers and had a registered capital of RMB66.68 million as of December 31, 2019. Mr. Zhai primarily relies on the management team of Guanruitong to operate its business. For the year ended December 31, 2019, the unaudited total revenue of Guanruitong was approximately RMB2.05 million, and as of December 31, 2019, the unaudited total assets of Guanruitong were approximately RMB4.64 million. Mr. Zhai also held 90% equity interests in and served as the executive director of Beijing Yunwang Wanwei Technology Co., Ltd. (北京雲網萬維科技有限公司) ("**Yunwang**"), which had no actual operation since inception and had a registered capital of RMB2.0 million as of December 31, 2019. Yunwang did no generate any revenue in 2019. As of December 31, 2019, the unaudited total assets of Yunwang were approximately RMB9,000. Therefore, Mr. Zhai is able to and promises to devote sufficient time to perform his duties in our Group after the Listing, and neither the business of Guanruitong nor that of Yunwang competes or is likely to compete, directly or indirectly, with our core business. Given the difference between the core business of our Group and the business of the companies controlled by our Controlling Shareholders, our Directors are of the view that there is a clear business delineation.

Our Controlling Shareholders and our Directors confirm that as of the Latest Practicable Date, neither of them nor their respective close associates have any interest in any business, apart from the business operated by members of our Group, that competes or is likely to compete, directly or indirectly, with the business of our Group and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the completion of the Listing, our Board will consist of four executive Directors and three independent non-executive Directors. See "Directors and Senior Management" for details.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders because:

(1) each of our Directors is aware of his fiduciary duties as a Director of our Company which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest;

(2) 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 Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

(3) our daily management and operations are carried out by a senior management team comprising members (except Mr. Zhai) independent from our Controlling Shareholders, 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 interest of our Group;

(4) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review; and

(5) 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. See "— Corporate Governance Measures."

Operational Independence

We have established our own organizational structure comprised of individual departments, each with specific areas of responsibilities. We have also established various internal controls procedures to facilitate the effective operation of our business. Our Group is not operationally dependent on our Controlling Shareholders. We hold or enjoy the benefit of all relevant licenses and own all relevant intellectual property 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 suppliers and customers.

Based on the above, our Directors believe that our Company will continue to be operationally independent of our Controlling Shareholders and their respective close associates after Listing.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. Our Group's accounting and finance functions are independent of our Controlling shareholders. During the Track Record Period, Beijing Newlink was granted a bank loan that was guaranteed by Mr. Zhai, which had been fully repaid by us as of the Latest Practicable Date. During the Track Record Period, we primarily financed our business operations through cash flow from operating activities, bank borrowings and equity financing. As of the date of this prospectus, we did not have any outstanding borrowing with guarantee or shareholder loan from our Controlling Shareholders or any of their respective close associates.

Having considered the above, we believe we are able to obtain external financing, when and if necessary, without guarantee or security provided by our Controlling Shareholders. Our Directors confirm that we will not rely on our Controlling Shareholders for financing after the Global Offering as we expect that our working capital will be funded from the Global Offering and cash flow from operations. Therefore, there is no financial dependence on our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from our Controlling Shareholders and safeguard the interest of the Shareholders, including:

(1) our independent non-executive Directors will review, at least on an annual basis, whether there is any conflict of interest between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(2) our Controlling Shareholders will provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors;

(3) our Company will disclose decisions on matters (if any) reviewed by our independent non-executive Directors in the annual reports of our Company or in the announcement under the Listing Rules;

(4) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of his close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(5) our Company has established internal control mechanism to identify connected transactions. After the Listing, our Company will comply with the requirements in connection with connected transactions under the Listing Rules;

(6) where our Directors reasonably request the advice of independent professionals, such as independent financial advisors, the appointment of such independent professional will be made at our Company's expense;

(7) we have appointed Messis Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and

(8) we have established the audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

As of the date of this prospectus, Mr. Zhai, our chief executive officer, executive Director, chairman of the Board and a Controlling Shareholder, (1) held approximately 82.88% equity interests in and served as the chairman of the board of Guanruitong, which is primarily engaged in e-commerce business providing office merchandise procurement service for corporate customers, and (2) held 90% equity interests in and served as the executive director of Yunwang, which had no actual operation since inception. Immediately upon completion of the Listing, Guanruitong and Yunwang will continue to be controlled by Mr. Zhai, and thus to be our connected persons.

During the Track Record Period, we entered into transactions with Guanruitong, primarily including (1) the provision of technical services to Guanruitong for its IT system development, which was a one-off transaction and was completed in 2019, and (2) the procurement of certain office supplies from the e-commerce platform operated by Guanruitong, which occurred on an as-needed basis taking into consideration of the quality, efficiency and convenience of such procurement. Such transactions have been completed and settled as of the date of this prospectus, and we do not expect to continue such transactions with our connected persons following our Listing, mainly due to (1) the technical services provided to Guanruitong had been completed and we do not expect Guanruitong to have the demand to upgrade or install new IT systems in the near future, (2) the ease of finding alternatives to our procurement from Guanruitong, and (3) our intention to be operationally independent of our Controlling Shareholders and their respective close associates. See “Financial Information — Related Party Transactions” and Note 29 to the Accountants’ Report in Appendix I to this prospectus.

SUMMARY INFORMATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth information regarding our current Directors.

Name	Age	Position	Date of appointment as Directors	Time of joining our Group	Responsibilities
Mr. ZHAI Shuchun (翟曙春)	54	Executive Director, chairman of the Board and chief executive officer	November 8, 2019	December 9, 2016	Overall management of operation, strategy, research and development of our Group
Ms. QIAO Huimin (喬慧敏)	49	Executive Director and chief financial officer	December 30, 2019	October 21, 2017	Overall management of financial and accounting affairs of our Group
Ms. QIN Yi (秦禕)	42	Executive Director and deputy general manager	December 30, 2019	June 2, 2012	Sales and marketing of our Group
Mr. LI Xiaodong (李小東)	33	Executive Director and deputy general manager	December 30, 2019	April 20, 2015	Project management of our Group
Mr. TANG Baoqi (唐保祺)	61	Independent non-executive Director	December 5, 2020	December 5, 2020	Supervising and providing independent judgment to our Board
Ms. JING Liping (景麗萍)	42	Independent non-executive Director	December 5, 2020	December 5, 2020	Supervising and providing independent judgment to our Board
Mr. YE Jinfu (葉金福)	45	Independent non-executive Director	December 5, 2020	December 5, 2020	Supervising and providing independent judgment to our Board

The following table sets forth information regarding the senior management members of our Company (other than the Directors disclosed above).

Name	Age	Position	Date of appointment as senior management	Time of joining our Group	Responsibilities
Mr. MAO Qilong (毛啟龍)	36	Deputy general manager	December 19, 2016	April 1, 2012	Human resources and administration management of our Group

BOARD OF DIRECTORS

Executive Directors

Mr. ZHAI Shuchun (翟曙春), aged 54, is our chief executive officer, an executive Director and the chairman of the Board of our Company. He is primarily responsible for the overall management of business, strategy, research and development of our Group. Mr. Zhai joined our Group in December 2016 and has been in charge of the overall management of Beijing Newlink since then. He was appointed as an executive Director in November 2019 and as our chief executive officer and chairman of the Board in December 2019. Mr. Zhai also serves as a director of all our subsidiaries. Mr. Zhai has over 25 years of experience in information technology and software development industry.

Mr. Zhai has been the executive director and general manager of Beijing Yunwang Wanwei Technology Co., Ltd. (北京雲網萬維科技有限公司) since December 2017, and the chairman of the board of directors and general manager of Beijing Guanruitong E-commerce Technology Co., Ltd. (北京冠瑞通電子商務科技股份有限公司) since March 2017. From May 2001 to December 2016, Mr. Zhai was the president and chairman of the board of directors at Beijing UFC Co., Ltd. (北京聯銀通科技有限公司). He also served as a director of DHC Software Co., Ltd. (東華軟件股份公司), a company listed on the Shenzhen Stock Exchange (stock code: 002065) from May 2008 to December 2010. From October 1995 to May 2001, Mr. Zhai served as the general manager of Vanda Systems & Communications Holdings Limited (中聯系統控股有限公司).

Mr. Zhai obtained a bachelor's degree in computer science from Beijing Jiaotong University (北京交通大學) in July 1989, and a master's degree in satellite remote sensing from University of Chinese Academy of Sciences (中國科學院大學) in July 1995.

Ms. QIAO Huimin (喬慧敏), aged 49, is our executive Director and chief financial officer. She is primarily responsible for the overall management of financial and accounting affairs of our Group. Ms. Qiao joined our Group in October 2017 and was appointed as an executive Director in December 2019. She has served as a chief financial officer at Beijing Newlink since October 2017 and as a director of Beijing Newlink since December 2019. Ms. Qiao has over 19 years of experience in accounting and financial management. Prior to joining us, Ms. Qiao served as the chief financial officer at Beijing UFC Co., Ltd. (北京聯銀通科技有限公司) from July 2003 to October 2017. Ms. Qiao served as the accounting manager at Tairong Xinye Holding Co., Ltd. (泰融信業控股有限公司) from September 2002 to July 2003. She worked as an accountant at Beijing Dadi Technology Industry Group Company (北京市大地科技實業總公司) from June 2000 to September 2002. Ms. Qiao was teaching at Northeastern University at Qinhuangdao (東北大學秦皇島分校) from August 1994 to August 1997.

Ms. Qiao graduated from Northeastern University (東北大學) in China, where she obtained a bachelor's degree in management engineering in July 1994 and a master's degree in accounting in March 2000. Ms. Qiao was accredited as a senior accountant by Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) in May 2012.

Ms. QIN Yi (秦禕), aged 42, is our executive Director and deputy general manager. She is primarily responsible for the sales and marketing of our Group. Ms. Qin joined our Group in June 2012 and was appointed as an executive Director in December 2019. She was the head of sales and marketing department at Beijing Newlink from June 2012 to December 2016, and has served as a deputy general manager at Beijing Newlink since December 2016. Ms. Qin has over ten years of experience in sales and marketing. Prior to joining us, Ms. Qin served as a client manager at Digital China Group Co., Ltd. (神州數碼集團股份有限公司), a company listed on the Stock Exchange (stock code: 0861) and Shenzhen Stock Exchange (stock code:000034), from August 2007 to June 2012.

Ms. Qin obtained a college degree in modern public relations from China University of Mining and Technology (中國礦業大學) in July 2000, and a bachelor's degree in journalism from Communication University of China (中國傳媒大學) in July 2012.

Mr. LI Xiaodong (李小東), aged 33, is our executive Director and deputy general manager. He is primarily responsible for the project management of our Group. Mr. Li joined our Group in April 2015 and was appointed as an executive Director in December 2019. He was the head of project management department at Beijing Newlink from April 2015 to December 2016, and has served as a deputy general manager at Beijing Newlink since December 2016. Mr. Li has over ten years of experience in software development. Prior to joining us, Mr. Li worked at Jiangsu Kaihua Intelligent Engineering Co., Ltd. (江蘇愷華智能工程有限公司) from November 2009 to March 2015.

Mr. Li graduated from Huaian College of Information Technology (淮安信息職業技術學院) in July 2008 where he majored in computer software.

Independent Non-executive Directors

Mr. TANG Baoqi (唐保祺), aged 61, is an independent non-executive Director of our Group. Mr. Tang is primarily responsible for supervising and providing independent judgment to our Board. Mr. Tang has served as an independent non-executive director of Luzhou Bank Co., Ltd. (瀘州銀行股份有限公司) (formerly known as Luzhou City Commercial Bank Co., Ltd. (瀘州市商業銀行股份有限公司)), a company listed on the Stock Exchange (stock code: 1983) since December 2018. Mr. Tang has over 30 years of experience in finance industry. He worked at China Cinda (HK) Holdings Company Limited (中國信達(香港)控股有限公司), a subsidiary of China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司) which is a company listed on the Stock Exchange (stock code: 1359; preference share stock code: 4607), as a senior manager, the general manager of risk management department, the chief risk officer and the chief financial officer since February 2000 and was a director and deputy general manager when he left China CINDA (HK) Holdings Company Limited in March 2018. Mr. Tang worked at the creditors' rights department (債權部) of China Cinda Asset Management Co., Ltd. from June 1999 to February 2000.

Mr. Tang also served as a non-executive director of China Fortune Financial Group Limited (中國富強金融集團有限公司), a company listed on the Stock Exchange (stock code: 0290) from March 2016 to April 2018, a non-executive director of China National Materials Company Limited (中國中材股份有限公司), a company previously listed on the Stock Exchange (stock code: 1893) from July 2011 to July 2016, and an executive director of Silver Grant International Holdings Group Limited (銀建國際控股集團有限公司), a company listed on the Stock Exchange (stock code: 0171) from March 2008 to July 2011.

Mr. Tang obtained a bachelor's degree in economics from Hubei Institute of Finance and Economics (湖北財經學院) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) in July 1983. Mr. Tang was certified as a senior economist by People's Construction Bank of China (中國人民建設銀行) (currently known as China Construction Bank Corporation (中國建設銀行股份有限公司)) in March 1996.

Ms. JING Liping (景麗萍), aged 42, is an independent non-executive Director of our Company. Ms. Jing is primarily responsible for supervising and providing independent judgment to our Board. Ms. Jing has over 12 years of experience in computer science, artificial intelligence and machine learning. Ms. Jing has served various positions at Beijing Jiaotong University (北京交通大學), including lecturer, assistant professor, professor and the director of the department of computer science, since March 2009. From August 2015 to August 2016, Ms. Jing was a visiting scholar at the University of California, Berkley, where her research focused on machine learning and its application in big data analysis. From December 2007 to February 2009, Ms. Jing worked as a post-doctoral research fellow at the University of Texas at Dallas, where her research focused on machine learning and its application in bioinformatics, including medical data analysis and visualization. Ms. Jing also currently holds positions at academic organizations and associations, including member of the expert committee of artificial intelligence and pattern recognition by China Computer Federation (中國計算機學會), and member of the expert committee of machine learning by China Association for Artificial Intelligence (中國人工智能學會).

Ms. Jing obtained a bachelor's degree and a master's degree in computer science and technology from Beijing Jiaotong University in July 2000 and May 2003, respectively. She also obtained a PhD degree in applied mathematics from the University of Hong Kong in November 2007.

Mr. YE Jinfu (葉金福), aged 45, is an independent non-executive Director of our Company. Mr. Ye is primarily responsible for supervising and providing independent judgment to our Board. Mr. Ye has over 20 years of experience in accounting and auditing. He has worked at Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)) as a partner since January 2012. Mr. Ye served as a partner at Ascenda Certified Public Accountants Ltd. (天健正信會計師事務所有限公司) from January 2009 to December 2011, and as a salary partner at Ascenda Certified Public Accountants (天健光華(北京)會計師事務所有限公司) from March 2001 to December 2008.

Mr. Ye has also served as an independent non-executive director at Beijing EGOVA Co., Ltd. (北京數字政通科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300075) since November 2015, an independent non-executive director at Leyard Optoelectronic Co., Ltd. (利亞德光電股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300296) since December 2016, an independent non-executive director at Capital Securities Co., Ltd. (首創證券有限責任公司) since February 2017, and an independent non-executive director at Beijing Shiji Information Technology Co., Ltd. (北京中長石基信息技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002153) since November 2017.

Mr. Ye obtained a bachelor's degree in accounting from Xiamen University (廈門大學) in July 1999 and a master's degree in accounting from Central University of Finance and Economics (中央財經大學) in June 2009. He also was accredited as a certified public accountant by the Chinese Institute of Certified Public Accountants in September 2002.

Save as disclosed above, each of our Directors confirms with respect to himself that he (1) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (2) there are no other matters concerning our Directors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Mr. ZHAI Shuchun (翟曙春), is our chief executive officer, an executive Director and the chairman of the Board. See "— Board of Directors" for details.

Ms. QIAO Huimin (喬慧敏), is our executive Director and chief financial officer. See "— Board of Directors" for details.

Ms. QIN Yi (秦禕), is our executive Director and deputy general manager. See "— Board of Directors" for details.

Mr. LI Xiaodong (李小東), is our executive Director, deputy general manager and project management officer. See "— Board of Directors" for details.

Mr. MAO Qilong (毛啟龍), aged 36, is our deputy general manager. He is primarily responsible for human resources and administration management of our Group. Mr. Mao joined our Group in April 2012 as the head of administration department at Beijing Newlink and has served as a deputy general manager at Beijing Newlink since December 2016. Mr. Mao has over 12 years of experience in administrative management. Prior to joining us, Mr. Mao served as deputy manager of the administrative department of Changshu Xinzhuang Jixiang Auxiliary Co., Ltd. (常熟市辛莊吉祥助劑有限公司) from February 2007 to March 2012. Mr. Mao graduated from Changshu Mocheng High School (常熟市莫城中學) in June 2003.

JOINT COMPANY SECRETARIES

Ms. ZHANG Xiushi (張琇石), aged 36, is a joint company secretary of our Company, being responsible for secretarial matters of our Company. Ms. Zhang joined our Group in July 2019 as the board secretary of Beijing Newlink, and was appointed as a director of Beijing Newlink in December 2019 and as a joint company secretary of our Company in February 2020. Prior to joining us, Ms. Zhang served as the deputy general manager at the investment banking department of China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司), a company listed on the Stock Exchange (stock code: 6881), from February 2015 to June 2019. Ms. Zhang worked as a senior manager of the investment banking department of Capital Securities Co., Ltd. (首創證券有限責任公司) from May 2011 to February 2015. From July 2006 to June 2008, Ms. Zhang worked at World Shipping Group Limited. (世航集團有限公司).

Ms. Zhang obtained a bachelor's degree in tourism management from Beijing International Studies University (北京第二外國語學院) in July 2006, and a master's degree in accounting from St. John's University in the United States in July 2010.

Ms. HO Wing Nga (何詠雅) was appointed as a joint company secretary of our Company in August 2020. Ms. Ho serves as the managing director of the corporate governance and compliance department of Computershare Hong Kong Development Limited. She is currently a joint company secretary of Financial Street Property Co., Limited (金融街物業股份有限公司) (stock code: 1502) and a member of The Hong Kong Institute of Directors. Ms. Ho has over 25 years of experience in corporate secretarial services. She obtained a master's degree in corporate governance from the Hong Kong Polytechnic University in December 2006 and became an associate of The Hong Kong Institute of Chartered Secretaries in the same month. In March 2015, Ms. Ho became a fellow of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute.

BOARD COMMITTEES

Audit Committee

We have established an audit committee on December 5, 2020 with terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, namely Mr. YE Jinfu, Mr. TANG Baoqi and Ms. JING Liping, with Mr. YE Jinfu being the chairman of the committee.

The primary duties of the Audit Committee are:

(1) to review significant financial policies of the Company and their implementation, and supervise the financial activities of the Company;

(2) to review the financial information and relevant disclosures of the Company;

(3) to consider and approve the risk management and internal control evaluation proposal of the Company, and supervise and evaluate the risk management and internal control of the Company;

(4) to consider and approve the audit budget, remuneration of staff and appointment and dismissal of major officers of the Company, supervise and evaluate the work of internal audit of the Company and formulate the medium-to long-term audit plan, annual working plan and internal audit system setting plan of the Company as authorized by the Board, and report to the Board;

(5) to propose the appointment or dismissal of an external accounting firm, supervise the work of the external accounting firm, and evaluate the report of the external accounting firm to ensure that the external accounting firm undertakes its audit responsibilities;

(6) to facilitate communications and monitor the relationship between the internal audit department and the external accounting firm;

(7) to monitor any non-compliance of the Company in respect of the financial reports and its risk management and internal controls; and

(8) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Memorandum and the Articles of Association, and as authorized by the Board.

Remuneration Committee

We have established a remuneration committee on December 5, 2020 with terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of three members, namely Ms. JING Liping, Mr. ZHAI Shuchun and Mr. TANG Baoqi, with Ms. JING Liping being the chairwoman of the committee.

The primary duties of the Remuneration Committee are:

(1) to organize and formulate the remuneration policy and plan of Directors and senior management and submit to the Board for approval, and propose the remuneration distribution plan according to the performance evaluation of Directors and senior management and submit to the Board for approval; and

(2) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Memorandum and the Articles of Association, and as authorized by the Board.

Nomination Committee

We have established a nomination committee on December 5, 2020 with terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The nomination committee consists of three members, namely Mr. TANG Baoqi, Mr. ZHAI Shuchun and Ms. JING Liping, with Mr. TANG Baoqi being the chairman of the committee.

The primary duties of the Nomination Committee are:

(1) to formulate procedures and standards for the election of Directors and senior management and make recommendations to the Board on the proposed procedures and standards;

(2) to make recommendations to the Board on the nomination of candidates for Director, President and secretary of the Board;

(3) to preliminarily examine the eligibility of candidates for Director and senior management positions;

(4) to make recommendations to the Board on the nomination of candidates for chairmen and members of the Board committees; and

(5) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Memorandum and the Articles of Association, and as authorized by the Board.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of the Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

Upon Listing, our Board will comprise seven members, including four executive Directors and three independent non-executive Directors. Our Directors have a balanced mix of knowledge, skills, gender, perspectives and experience, including finance and healthcare IT solution service, software development, business management and strategic development, investment and accounting. They obtained professional and academic qualifications including computer science, accounting, economics and journalism. Furthermore, the Board has a wide range of age, ranging from 32 years old to 60 years old. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of the Board satisfies our board diversity policy, and the Board and the nomination committee of the Company will assess the Board composition regularly.

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 Listing, our nomination committee will review the board diversity policy and evaluate the implementation of the board diversity policy from time to time, at least annually, to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis.

CORPORATE GOVERNANCE

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer. Mr. ZHAI Shuchun is our chairman and chief executive officer. With extensive experience in the information technology industry, Mr. Zhai is responsible for the overall strategic planning and general management of our Group and is instrumental to our growth and business expansion. Our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group and ensures consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The balance of power and authority is not impaired and is ensured by the operation of the senior management and our Board, which comprises experienced individuals. Upon the Listing, our Board will comprise four executive Directors (including Mr. Zhai) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. Our Board will continue to review and consider splitting the roles of chairman and the chief executive officer of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole. Save as disclosed above, we are in compliance with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

DIRECTORS' REMUNERATION

We offer our executive Directors and senior management members, who are also employees of our Company, emolument in the form of salaries, remuneration, pension, discretionary bonus and other welfares. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or chairman of Board committees). We adopt a market and incentive-based employee emolument structure and implement a multi-layered evaluation system which focuses on performance and management goals.

The aggregate amount of emolument (including salaries, remuneration, pension, discretionary bonus and other welfares) paid to our Directors for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020 were RMB0.6 million, RMB1.4 million, RMB1.7 million and RMB0.7 million, respectively. Under the arrangements currently in force, we estimate that the aggregate emolument payable to the Directors (excluding discretionary bonus and any options granted pursuant to share incentive schemes) by our Company for the year ending December 31, 2020 will be approximately RMB2.0 million.

For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the aggregate amount of emolument paid to the five highest paid individuals of our Group, excluding Directors and chief executives, were RMB0.4 million, RMB2.6 million, RMB1.7 million and RMB1.1 million, respectively.

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

Except as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals of our Company during the Track Record Period.

SHARE INCENTIVE SCHEME

The Post-IPO Share Option Scheme was adopted pursuant to the written resolutions of the Shareholders of our Company passed on December 5, 2020. The purpose of the Post-IPO Share Option Scheme is to reward Directors, members of the senior management, employees and other eligible participants defined under the scheme for their past contribution to the success of the Group, and to provide incentives to them to further contribute to the Group. This will be in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations. See "Appendix IV – Statutory and General Information – D. Post-IPO Share Option Scheme" for details.

COMPLIANCE ADVISOR

We have appointed Messis Capital Limited as our compliance advisor pursuant to Rule 3A. 19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us in the following circumstances:

(1) before publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might constitute a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and share repurchases;

(3) where we propose to use the net proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute the annual report of the first full financial year commencing after the Listing and such appointment may be subject to extension by mutual agreement.

AUTHORIZED AND ISSUED SHARE CAPITAL

Assuming the Over-allotment Option is not exercised, and without taking into account the options that may be granted under the Post-IPO Share Option Scheme, the authorized and issued share capital of our Company as of the date of this prospectus and immediately after completion of the Global Offering will be as follows:

As of the date of this prospectus	**Aggregate nominal value of Shares (US$)**
Authorized share capital	
50,000,000,000 Shares of a par value of US$0.000001 each	50,000
Issued share capital	
600,000,000 Shares of a par value of US$0.000001 each	600
Immediately after completion of the Global Offering	
Authorized share capital	
50,000,000,000 Shares of a par value of US$0.000001 each	50,000
Issued share capital	
600,000,000 Shares of a par value of US$0.000001 each in issue	600
200,000,000 Shares of a par value of US$0.000001 each to be issued under the Global Offering	200
800,000,000 Shares of a par value of US$0.000001 in total	800

Assuming the Over-allotment Option is exercised in full, and without taking into account the options that may be granted under the Post-IPO Share Option Scheme, the authorized and issued share capital of our Company as of the date of this prospectus and immediately after completion of the Global Offering will be as follows:

As of the date of this prospectus	**Aggregate nominal value of Shares (US$)**
Authorized share capital	
50,000,000,000 Shares of a par value of US$0.000001 each	50,000
Issued share capital	
600,000,000 Shares of a par value of US$0.000001 each	600
Immediately after completion of the Global Offering	
Authorized share capital	
50,000,000,000 Shares of a par value of US$0.000001 each	50,000
Issued share capital	
600,000,000 Shares of a par value of US$0.000001 each in issue	600
230,000,000 Shares of a par value of US$0.000001 each to be issued under the Global Offering	230
830,000,000 Shares of a par value of US$0.000001 in total	830

ASSUMPTIONS

Each of the above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering . Each of the above table also does not take into account any Shares which may be issued or repurchased by us under the general mandates granted to our Directors as referred to below.

RANKING

The Offer Shares are ordinary shares of US$0.000001 each in the share capital of our Company and upon completion of the Global Offering, and will rank *pari passu* in all respects with all Shares in issue or to be issued as set out in the above table, 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 prospectus.

SHARE INCENTIVE SCHEME

Our Shareholders have conditionally approved and adopted the Post-IPO Share Option Scheme on December 5, 2020. See "Appendix IV — Statutory and General Information — D. Post-IPO Share Option Scheme" for details.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of Shareholders (1) increase its capital; (2) consolidate and divide its capital into shares of larger amount; (3) divide its shares into several classes; (4) subdivide its shares into shares of smaller amount; and (5) cancel any shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Companies Act reduce its share capital or capital redemption reserve by its Shareholders passing a special resolution. See "Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association — 2.5 Alteration of capital" for details.

GENERAL MANDATE TO ISSUE SHARES AND GENERAL MANDATE TO REPURCHASE SHARES

Subject to conditions set forth in "Structure and Conditions of the Global Offering — Conditions of the Global Offering," our Directors have been granted a general unconditional mandate to allot, issue and deal with and repurchase Shares.

See "Appendix IV — Statutory and General Information — A. Further Information about Our Company — 3. Written resolutions of the Shareholders of our Company passed on December 5, 2020" for further details.

So far as our Directors are aware, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), the following persons will have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO 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 and are therefore regarded as substantial shareholders of our Company under the Listing Rules:

Long Positions in our Company

		As of the Latest Practicable Date(1)		Approximate percentage of shareholding immediately after completion of the Global Offering (Assuming no exercise of Over-allotment Option and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option)(1)	
Name	**Capacity/Nature of interest**	**Number of Shares**	**Approximate percentage**	**Number of Shares**	**Approximate percentage**
Nebula SC(2)	Beneficial Interest	327,600,000 (L)	54.6%	327,600,000 (L)	40.95%
Mr. Zhai(2)	Interest in controlled corporation	327,600,000 (L)	54.6%	327,600,000 (L)	40.95%
Earnest Kai(3)	Beneficial Interest	218,400,000 (L)	36.4%	218,400,000 (L)	27.30%
Mr. Yuan(3)	Interest in controlled corporation	218,400,000 (L)	36.4%	218,400,000 (L)	27.30%

(1) The letter "L" denotes the person's long position in the Shares.

(2) Mr. Zhai is deemed to be interested in the entire interests upon Listing held by Nebula SC, a company wholly-owned by him.

(3) Mr. Yuan is deemed to be interested in the entire interests upon Listing held by Earnest Kai, a company wholly-owned by him.

For details of the substantial shareholders who will, directly or indirectly, have interests in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of our Group other than our Company, see "Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders."

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, 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 our Company.

THE CORNERSTONE PLACING

We and Mont Avenir Capital Limited (the Sole Sponsor, Sole Global Coordinator, Lead Bookrunner and Lead Manager), have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, for such number of Offer Shares (rounded down to the nearest whole board lot of 800 Shares) which may be purchased with an aggregate amount of approximately RMB78.5 million (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee) at the Offer Price (the "**Cornerstone Placing**").

Based on the Offer Price of HK$4.36 per Offer Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 20,969,600 Shares, representing approximately 10.48% of the Offer Shares and approximately 2.62% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming no exercise of the Over-allotment Option and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option).

Based on the Offer Price of HK$3.71 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 24,643,200 Shares, representing approximately 12.32% of the Offer Shares and approximately 3.08% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming no exercise of the Over-allotment Option and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option).

Based on the Offer Price of HK$3.06 per Offer Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 29,878,400 Shares, representing approximately 14.94% of the Offer Shares and approximately 3.73% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming no exercise of the Over-allotment Option and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option).

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect.

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be acquired by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.24 of the Listing Rules.

Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of our Company or will have any Board representation in our Company. To the best knowledge of our Company, after making reasonable enquiries, each of the Cornerstone Investors (i) is an Independent Third Party (namely, an individual or a company which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules), (ii) is independent of other Cornerstone Investors, (iii) is not financed by us, our Directors, chief executive, substantial Shareholders, existing Shareholders or any of their subsidiaries or any of their respective close associates, and (iv) is not accustomed to take instructions from us, our Directors, chief executive, substantial Shareholders, existing Shareholders or any of their subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them. There are no side agreements or arrangements between us and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the

Cornerstone Placing, other than a guaranteed allocation (subject to reallocation and adjustment for the purpose of satisfying the requirements under the Listing Rules) of the relevant Offer Shares at the final Offer Price. We became acquainted with each of the Cornerstone Investors through introduction by certain Underwriters. As confirmed by each Cornerstone Investor, their subscription under the Cornerstone Placing would be financed by their own internal financial resources.

There will be no delayed delivery of the Offer Shares or deferred settlement arrangement for the Cornerstone Investors under the Cornerstone Investment Agreements. Each of the Cornerstone Investors undertakes to settle the payment pursuant to their respective Cornerstone Investment Agreement before the Listing becomes unconditional. The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation in the event of over-subscription under the Hong Kong Public Offering, as described in "Structure and Conditions of the Global Offering — The Hong Kong Public Offering — Reallocation." Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around January 5, 2021.

THE CORNERSTONE INVESTORS

The following tables set forth details of the Cornerstone Placing and approximate percentage of total number of Offer Shares and percentage of total issued share capital of our Company upon Listing (without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), based on different Offer Price scenarios:

			Based on Offer Price of HK$4.36 (being the high-end of the indicative Offer Price range)			
			Approximate percentage of total number of Offer Shares		Approximate percentage of total issued share capital of our Company immediately following the completion of the Global Offering	
Cornerstone Investor (each as defined below)	Investment Amount[1]	Number of Offer Shares to be subscribed for (rounded down to nearest whole board lot of 800 Shares)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Hony Goldstream	RMB48.5 million	12,956,000	6.48%	5.63%	1.62%	1.56%
CT Fund	RMB30.0 million	8,013,600	4.01%	3.48%	1.00%	0.97%
Total	RMB78.5 million	20,969,600	10.48%	9.12%	2.62%	2.53%

Cornerstone Investor (each as defined below)	Investment Amount[(1)]	Number of Offer Shares to be subscribed for (rounded down to nearest whole board lot of 800 Shares)	Based on Offer Price of HK$3.71 (being the mid-point of the indicative Offer Price range) — Approximate percentage of total number of Offer Shares: Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Approximate percentage of total issued share capital of our Company immediately following the completion of the Global Offering: Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Hony Goldstream	RMB48.5 million	15,225,600	7.61%	6.62%	1.90%	1.83%
CT Fund	RMB30.0 million	9,417,600	4.71%	4.09%	1.18%	1.13%
Total	RMB78.5 million	24,643,200	12.32%	10.71%	3.08%	2.97%

Cornerstone Investor (each as defined below)	Investment Amount[(1)]	Number of Offer Shares to be subscribed for (rounded down to nearest whole board lot of 800 Shares)	Based on Offer Price of HK$3.06 (being the low-end of the indicative Offer Price range) — Approximate percentage of total number of Offer Shares: Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Approximate percentage of total issued share capital of our Company immediately following the completion of the Global Offering: Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Hony Goldstream	RMB48.5 million	18,460,000	9.23%	8.03%	2.31%	2.22%
CT Fund	RMB30.0 million	11,418,400	5.71%	4.96%	1.43%	1.38%
Total	RMB78.5 million	29,878,400	14.94%	12.99%	3.73%	3.60%

Note:

(1) Calculated based on an exchange rate of RMB0.85 to HK$1.00 as described in the section headed "Information about this prospectus and the Global Offering — Exchange Rate Conversion" in this prospectus. Investment amount includes the brokerage, the SFC transaction levy and the Stock Exchange trading fee. The actual investment amount of each Cornerstone Investor in Hong Kong dollars may vary due to the actual exchange rate prescribed in the relevant Cornerstone Investment Agreement.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

1. Hony Goldstream

Hony Goldstream Special Opportunity Fund I (弘毅金涌特殊機會投資1號私募證券投資基金) ("**Hony Goldstream**") is an Asset Management Association of China (中國證券投資基金業協會) ("**AMAC**") registered private fund managed by Hony Goldstream Asset Management (Shenzhen) Limited (弘毅金涌資產管理(深圳)有限公司) ("**HGAM**"), which was established in Shenzhen in 2015. HGAM is registered with AMAC as a private fund manager and is a wholly-owned subsidiary of Goldstream Capital Management Limited (金涌資本管理有限公司) ("**GCML**") with a total asset under management of more than RMB5.5 billion and with more than 30 beneficial owners. GCML was incorporated in Hong Kong in 2011, holding Type 4 (advising on securities) and Type 9 (Asset Management) licenses, and is 100% held by Goldstream Investment Limited (金涌投資有限公司) (stock code: 01328), a company listed on the Main Board of the Stock Exchange, of which Hony Capital (弘毅投資) is a controlling shareholder. Hony Goldstream will make such Cornerstone Placing through a qualified domestic institutional investor manager, namely Caitong Fund Management Co., Ltd. (財通基金管理有限公司), on its behalf and as its nominee.

Hony Capital was founded in the early 2000s to capture investment opportunities as a private equity platform. Through more than 15 years, Hony Capital has become one of the most successful and reputable Chinese private equity firms. Hony Capital puts China as its top market with investments in over 100 companies in the areas of pharmaceutical and healthcare, consumer products, food and beverage, entertainment, environmental protection and new energy, as well as machinery and equipment manufacturing. Hony Capital and its group members manage assets of about RMB80 billion on behalf of institutional clients such as foundations, sovereign wealth funds, university endowments, and family offices.

2. CT Fund

Caitong Fund Management Co., Ltd. (財通基金管理有限公司) (the "**CT Fund Manager**"), in its capacity as the discretionary fund manager of CT Fund Xihe Overseas No.2 Targeted Asset Management Plan (財通基金熙和海外2號單一資產管理計劃) (the "**CT Fund**") has agreed for CT Fund to subscribe such number of Offer Shares which may be purchased with RMB30.0 million at the Offer Price. CT Fund is a qualified domestic institutional investor approved by the AMAC. CT Fund Manager has a total asset under management of more than RMB53.0 billion and with more than 45,000 beneficial owners. CT Fund Manager is owned as to 40% by CT Securities Co., Ltd. (財通證券股份有限公司), which is a joint-stock limited liability company listed on the Shanghai Stock Exchange (stock code: 601108). MinSheng Royal Asset Management Co., Ltd. (民生加銀資產管理有限公司) (the "**MinSheng Royal**") acts as the investment adviser in respect of the Cornerstone Placing made by the CT Fund.

MinSheng Royal was established on January 24, 2013 with a registered capital of RMB668 million. MinSheng Royal is one of the most important asset management platforms of China Minsheng Banking Co., Ltd., whose A shares are listed on the Shanghai Stock Exchange (stock code: 600016) and H shares are listed on the Stock Exchange (stock code: 01988).

To the best of the knowledge, information and belief of our Company after making reasonable enquiries, none of the Cornerstone Investors nor their respective shareholders is a listed company. Accordingly, the Cornerstone Investors and their respective shareholders do not require approval from any stock exchange to make their investment in our Company pursuant to the terms and conditions of the relevant Cornerstone Investment Agreements.

CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(a) the underwriting agreements in relation to the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid underwriting agreements having been terminated;

(b) the Offer Price having been agreed upon between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters of the Global Offering);

(c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares subscribed for by the Cornerstone Investors as well as other applicable waivers and approvals) and such approval or permission having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange; and

(d) no laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from and inclusive of the Listing Date (the "**Lock-up Period**"), dispose, agree or contract to dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreement (the "**Relevant Shares**") or any interest in any company or entity holding, directly or indirectly, any Relevant Shares, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

You should read the following discussion and analysis in conjunction with our consolidated financial statements as of and for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, including the notes thereto, as set forth in the Accountants' Report in Appendix I to this prospectus. You should read the entire Accountants' Report in Appendix I to this prospectus and not rely merely on the information contained in this section. Our financial information has been prepared in accordance with the HKFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed "Risk Factors" and "Forward-looking Statements" in this prospectus.

For the purpose of this section, unless the context otherwise requires, references to 2017, 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 an IT solution provider focusing primarily on traditional software-driven solutions for financial institutions during the Track Record Period and we are also committed to providing innovative software-driven solutions, including solutions powered by data analysis and image and text recognition technologies, for both financial institutions and healthcare institutions. According the CIC Report, in additional to a traditional IT solution provider, we are also a provider for innovative IT solutions because our innovative IT solutions adopt the advanced technologies, including data analysis and image and text recognition technologies, and some of them are also developed for newly-emerged businesses for financial institutions and healthcare institutions. According to the CIC Report, we are a top 100 provider of over 2,500 providers of IT solutions for financial institutions in China in terms of sales revenue in 2019, and we are also a provider of healthcare IT solutions in China, with solutions including featured medical quality control and safety warning system, which enables supervisors and department directors at hospitals to monitor the behavior of healthcare professionals on a real-time basis. We are dedicated to keeping pace with the evolving customer needs in the finance industry and transforming the healthcare industry through our software-driven solutions powered by data analysis and image and text recognition technologies. Our solutions enable financial institutions, healthcare institutions and other enterprises to achieve intelligent business processing and data visualization, improve operational efficiency and optimize service quality.

We experienced significant growth during the Track Record Period. Our revenue increased significantly from RMB21.1 million in 2017 to RMB120.6 million in 2018, and further increased by 23.5% to RMB149.0 million in 2019. Our revenue increased by 4.6% from RMB56.2 million in the six months ended June 30, 2019 to RMB58.8 million in the six months ended June 30, 2020. Our net profit increased significantly from RMB1.5 million in 2017 to RMB31.1 million in 2018, and further increased by 6.4% to RMB33.1 million in 2019. Our net profit increased by 29.2% from RMB2.4 million in the six months ended June 30, 2019 to RMB3.1 million in the six months ended June 30, 2020. Our adjusted net profit, a non-HKFRS measure, increased significantly from RMB1.5 million in 2017 to RMB31.1 million in 2018, and further increased by 23.2% to RMB38.3 million in 2019. Our adjusted net profit increased significantly from RMB2.4 million in the six months ended June 30, 2019 to RMB11.3 million in the six months ended June 30, 2020. Our adjusted net profit represents our profit for the year/period excluding the effect of listing expenses. See "— Key Components of Our Results of Operations — Non-HKFRS Measure."

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that our results of operations are and will continue to be affected by general factors affecting the IT solution market in China and company-specific factors, including the following.

Economic and Industry Trends in China

Our business and results of operations are affected by general factors affecting the industries we operate in. Such general factors include China's overall economic growth, the increasing expectation for informatization, changing government policies and customer demand. The markets for certain of our key solutions, such as the over-the-counter bond bookkeeping system, the RPA solution, and the medical quality control and safety warning system, have a relatively short history and have experienced rapid growth in recent year. See "Industry Overview." Changes in the factors that lead to growth in our industry would have significant impact on our business and prospects. Due to uncertain economic conditions and the slower economic growth in China, our customers may reduce their spending on technological applications. See "Risk Factors — Risks Relating to Our Business and Industry — We face risks and uncertainties regarding the evolving IT solution market, which impose a significant burden on the research and development and maintenance of our solutions." In particular, starting from January 2020, the outbreak of COVID-19 is spreading in China and has significantly disrupted travel and local economy. The epidemic outbreak may impede our industries' growth and may have an impact on our business operations and financial condition. See "Summary — Recent Developments." In addition, our business and results of operations are also affected by government policies and regulations applicable to our industries. For example, the PRC government has promoted the sale of local government bonds at bank counters and announced multiple favorable policies to support the development of the healthcare IT solution industry. We believe we are uniquely positioned to benefit from such industry trends and regulatory changes. On the other hand, there could also be negative industry trends and regulatory restrictions in the future that affect us.

Ability to Maintain and Expand Our Customer Base

The growth in our customer base is a key driver of our revenue growth. Leveraging our good technological and sales and marketing capabilities, we have established and maintained long-standing and trusted relationships with a diverse base of large and reputable institutions in the finance and healthcare industries in China. Our customers consist primarily of top-tier banks, trust companies, asset management companies and other financial institutions, hospitals and other healthcare institutions in China. Our customer base increased from 25 in 2017 to 71 in 2018 to 124 in 2019 and further to 129 in the six months ended June 30, 2020. We have experienced a significant increase in revenue from RMB21.1 million in 2017 to RMB120.6 million in 2018 and further to RMB149.0 million in 2019, and from RMB56.2 million in the six months ended June 30, 2019 to RMB58.8 million in the six months ended June 30, 2020, which was mainly contributed by the growth of our customer base. We aim to retain and acquire customers by, among others, further enhancing the quality and function of our existing IT solutions and offering additional innovative solutions.

Ability to Manage Costs and Expenses

Our ability to manage and control our costs and expenses, particularly our staff costs, is a key factor affecting our results of operations. During the Track Record Period, our staff costs, namely salaries, bonuses, social insurance and other benefits paid to our employees directly involved in our project execution, represented a major component of our cost of sales. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, staff costs accounted for 73.3%, 86.6%, 84.9%, 79.6% and 92.3% of our cost of sales for the same periods, respectively. We expect our cost of sales as well as expenses to increase in absolute terms as our headcount and compensation base increase to compete for talents. We regularly review the difference between the budgeted cost and actual cost of our projects through the project stage to conduct billing management. See "Business — Sales and Marketing — Billing Management" for more details.

The following sensitivity analysis illustrates the impact of hypothetical fluctuation in our staff costs on our gross profit and net profit with other variables held constant during the Track Record Period. Fluctuations are assumed to be 10% and 20% for the staff costs for each of the periods indicated. The analysis below is intended for reference only, and any variation may differ from the amount indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Change in gross profit	Change in net profit	Change in gross profit	Change in net profit	Change in gross profit	Change in net profit	Change in gross profit	Change in net profit	Change in gross profit	Change in net profit
	(RMB in thousands)									
Change in staff costs										
+20%	(1,787)	(2,235)	(10,870)	(11,803)	(12,870)	(14,468)	(5,578)	(8,642)	(6,316)	(7,854)
+10%	(894)	(1,117)	(5,435)	(5,901)	(6,435)	(7,234)	(2,789)	(4,321)	(3,158)	(3,927)
-10%	894	1,117	5,435	5,901	6,435	7,234	2,789	4,321	3,158	3,927
-20%	1,787	2,235	10,870	11,803	12,870	14,468	5,578	8,642	6,316	7,854

Our results of operations and long-term growth prospects will depend on our ability to develop and improve our IT solutions as well as the underlying technologies and we expect to continuously make significant investments in our research and development activities. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our research and development expenses amounted to RMB3.2 million, RMB10.5 million, RMB14.3 million, RMB11.1 million and RMB3.5 million, respectively. We seek to strengthen our research and development capability and invest in building and maintaining a dedicated and experienced research and development team. In response to changing regulatory and market environment, we plan to develop, commercialize and improve our solutions and functional modules for financial institutions, as well as to explore opportunities in the healthcare IT solution industry. See "Business — Our Business Strategies" for further details regarding our research and development initiatives. Such initiatives may increase our research and development expenses and impact our results of operations.

Product and service mix

Changes in product and service mix in connection with our sales of IT solutions and provision of services may affect our profitability and gross margin. We offer a diversified portfolio of IT solutions, including IT solutions for financial institutions, IT solutions for healthcare institutions and IT solutions for other enterprises. Although a substantial majority of our revenue was generated from providing IT solutions for financial institutions during the Track Record Period, the proportion of revenue and profit contributed by our sales of IT solutions for healthcare institutions increased in 2019 following the launch of our first healthcare IT solution in November 2018, and may continue to grow in the future, along with our enhanced efforts in promoting our healthcare IT solutions in response to the growing demand from healthcare institutions to improve healthcare quality. The business prospects and profit margin of our IT solutions for healthcare institutions are expected to affect our overall growth and profitability.

Pricing Policy

Our pricing policy has a significant impact on our results of operations. Generally, our pricing is based on, among other things, market demand, competition, our relative bargaining power and expected profits. We provide our customers with a wide spectrum of industry-specific customized solutions and based on our customers' needs, we may offer a combination of different service offerings as a package. Therefore, project nature, such as the services involved, the complexity and the expected duration of a specific project will affect our pricing greatly.

We market and sell our IT solutions primarily through negotiations with customers and project tendering processes and may adjust our pricing during these processes. Our pricing in negotiations depends in large part on the outcomes of specific negotiations, which in turn may depend upon the market positions of specific customers, our relationship with them, market competition and characteristics of our solutions. When participating in the project tendering processes, in order to secure deals to the extent possible while ensuring profitability, we generally adjust our prices with references to our estimated cost and prices offered by qualified competitors.

We believe our current pricing policies enable us to set prices for our solutions efficiently, to reflect market conditions and maximize our profitability.

Seasonality

Our business and results of operations experience effects of seasonality. Many of our major customers tend to enter into contracts with us in the fourth quarter of a year due to their internal procurement requirements. We typically complete our projects within one year. Many of our major customers also tend to conduct the inspection and other procedures for acceptance of our services under many contracts entered into with us in the fourth quarter of a year, due to their internal approval and payment process, so that most of our contracts was completed in the fourth quarter of a year. The seasonality changes may cause fluctuations in our financial conditions.

Competition

Our business and results of operations depend on our ability to compete effectively in the finance industry and healthcare industry in China. Our competitive position may be affected by, among other things, the scope and quality of our solution offerings, our ability to price our solutions competitively and our ability to provide innovative solutions in response to our customers' evolving demands. We believe that our good technological capabilities and industry expertise differentiate ourselves from our competitors. Our technical team has possessed technological capabilities in, among others, data collection and preprocessing, data analysis and data mining, data visualization, RPA, NLP, machine learning and image and text recognition, and distributed trading architecture. Also, we believe our early-mover advantage and proven track record of successful solution development and delivery for certain markets, such as the market of third-party over-the-counter bond bookkeeping system, help us establish a high entry barrier difficult for our competitors to surpass. In addition, leveraging our in-depth industry knowledge and extensive technological expertise, we have established and maintained long-standing and trusted relationships with a diverse base of large and reputable institutions in the finance and healthcare industries in China. Our customers consist primarily of top-tier banks, trust companies, asset management companies and Class III Grade A hospitals. As our solutions are generally customized, once they are integrated into customers' existing systems, it is difficult for our customers to replace solutions or engage maintenance or upgrade services from others. However, we are still subject to competition from a variety of players. We compete against traditional software development companies focused on finance industry or healthcare industry as well as established technology companies for customers, market shares, as well as talent recruitment. In addition, we have invested significant resources into the research and development and the sales and marketing of our new solutions, such as our RPA solution, medical quality control and safety warning system, clinical pathway management system and over-the-counter bond bookkeeping system. We have effectively solicited new customers and expanded our customer base from 25 in 2017 to 71 in 2018, to 124 in 2019, and further to 129 in the six months ended June 30, 2020. Our long-term results of operations and continued growth will also depend on the competitiveness and market acceptance of such new solutions. We believe our new solutions will enable us to penetrate into new markets, increase our revenue and strengthen our competitiveness.

BASIS OF PRESENTATION

Our consolidated financial information has been prepared in accordance with the HKFRSs, which comprise all standards and interpretations approved by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). All HKFRSs effective for the accounting period commencing from January 1, 2020, including HKFRS 9 *Financial Instruments*, HKFRS 15 *Revenue from Contracts with Customers* and HKFRS 16 *Leases*, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the financial information throughout the Track Record Period and in the period covered by the Interim Comparative Financial Information. See Note 2.1 and Note 2.2 to the Accountants' Report in Appendix I to this prospectus.

The adoption of HKFRS 9, HKFRS 15 and HKFRS 16 does not have a significant impact on our financial position and performance, compared to that of HKAS 39, HKAS 18 and HKAS 17.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 supersedes HKAS 11 *Construction Contracts,* HKAS 18 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers, unless those contracts in the scope of other standards. HKFRS 15 *Revenue from Contracts with Customers* is effective for annual periods beginning on or after January 1, 2018, and earlier application is permitted. Our Group has elected to apply HKFRS 15 in the preparation of our historical financial information throughout the Track Record Period.

The accounting policy for our Group's main types of revenue is presented in Note 2.4 to the historical financial information, which has been updated to reflect the application of HKFRS 15. Our Group's contract assets and contract liabilities under HKFRS 15, have been separately disclosed in the consolidated statements of financial position in "Discussion of Certain Items from the Consolidated Statements of Financial Position" in this section.

All customer contracts in force throughout the Track Record Period have been reviewed and assessed and it was determined that the application of HKFRS 15 had no significant impact on the recognition and measurement of revenue.

Our Directors are of the view that the application of HKFRS 15 had no significant impact on the financial position and/or financial performance of our Group.

HKFRS 9 *Financial Instruments*

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. Our Group has elected to apply HKFRS 9 in the preparation of our historical financial information throughout the Track Record Period.

Our Directors are of the view that the application of HKFRS 9 had no significant impact on the financial position and/or financial performance of our Group.

HKFRS 16 *Leases*

HKFRS 16 *Leases* replaces the previous standard HKAS 17 *Leases* and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted. Our Group has elected to apply HKFRS 16 in the preparation of our historical financial information throughout the Track Record Period.

Amendment to HKFRS 16 *COVID-19-Related Rent Concessions* provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. We have early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the six months ended June 30, 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB330,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the six months ended June 30, 2020.

The following table summarizes the impacts of the adoption of HKFRS 16 on certain key items of our consolidated financial statements and key ratios.

	For the year ended/As of December 31									For the six months ended/ As of June 30,		
	2017			2018			2019			2020		
	Currently reported under HKFRS 16	As if reported under HKAS 17	Difference	Currently reported under HKFRS 16	As if reported under HKAS 17	Difference	Currently reported under HKFRS 16	As if reported under HKAS 17	Difference	Currently reported under HKFRS 16	As if reported under HKAS 17	Difference
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
	(RMB in thousands, except for percentages)											
Net assets	29,161	27,509	1,652	75,284	75,004	280	186,897	185,910	987	169,897	168,732	1,165
Net profit	1,539	1,803	(264)	32,123	32,994	(871)	33,113	32,906	207	3,054	2,928	126
Current ratio(1)	2.6	2.8	(0.2)	2.8	3.1	(0.3)	4.5	4.7	(0.2)	16.6	19.9	(3.3)
Quick ratio(2)	2.6	2.8	(0.2)	2.8	3.1	(0.3)	4.5	4.7	(0.2)	16.6	19.9	(3.3)

Notes:

(1) The calculation of current ratio is based on current assets divided by current liabilities as of year/period end.

(2) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of year/period end.

Notwithstanding our Group recognized lease liabilities of RMB3.7 million, RMB16.8 million, RMB12.4 million and RMB10.0 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively, and right-of-use assets of RMB5.4 million, RMB17.2 million, RMB13.4 million and RMB11.2 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively, as a result of the adoption of HKFRS 16, our Directors are of the view that there was no significant impact of the adoption of HKFRS 16 on our key ratios, our Group's financial position and financial performance, compared to that of HKAS 17 as demonstrated in the table above.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies and estimates that we believe are most significant to the preparation of our consolidated financial statements. Our significant accounting policies and estimates, which are important for understanding our financial condition and results of operations, are set forth in Note 2.4 and Note 3 to the Accountants' Report in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgment relating to accounting items. In each case, the determination of these items requires management judgment based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (1) our selection of critical accounting policies, (2) the judgment and other uncertainties affecting the application of such policies, and (3) the sensitivity of reported results to changes in conditions and assumptions. We believe the significant accounting policies of "revenue from contracts with customers," "leases," "estimation uncertainty" as set forth in details in Note 2.4 and Note 3 to the Accountants' Report in Appendix I to this prospectus, are critical and involve the most significant estimates and judgment used in the preparation of our financial statements.

Input method was used to measure the progress of our software development services transferred to customers for the contracts with a fixed price, due to the following considerations:

(1) Outputs to measure progress (e.g. performance survey) is not directly observable to us without undue cost. Units-of-delivery or units-of-production is not appropriate as the methods ignore the work in progress that belongs to the customer; and

(2) We established internal controls to record inputs (e.g. resources consumed, labor hours expended, cost incurred) for each of our software development service contract during the Track Record Period, and thus the proportion of actual costs incurred relative to estimated total costs provides a reasonable proxy for measuring progress of our performance in transferring control of our services to the customers.

We applied practical expedient under HKFRS 15.B16 to recognize revenue in the amount to which we have the right to invoice, which coincides with the amount calculated by using the actual hours of services and the unit price agreed in the service contract, as the invoice is normally billed at each month end based on the actual time or work incurred for the month.

CONSOLIDATED STATEMENTS OF RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of results of operations for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
Revenue	21,066	100.0%	120,571	100.0%	148,970	100.0%	56,152	100.0%	58,755	100.0%
Cost of sales	(12,195)	(57.9%)	(62,788)	(52.1%)	(75,812)	(50.9%)	(35,004)	(62.3%)	(34,206)	(58.2%)
Gross profit	8,871	42.1%	57,783	47.9%	73,158	49.1%	21,148	37.7%	24,549	41.8%
Other income and gains	384	1.9%	363	0.4%	1,852	1.4%	169	0.2%	1,210	2.0%
Selling and distribution expenses	(589)	(2.8%)	(3,248)	(2.7%)	(6,515)	(4.4%)	(3,266)	(5.8%)	(3,770)	(6.4%)
Administrative expenses	(3,659)	(17.4%)	(8,335)	(6.9%)	(13,690)	(9.2%)	(4,845)	(8.6%)	(12,269)	(20.9%)
Research and development expenses	(3,201)	(15.2%)	(10,454)	(8.7%)	(14,276)	(9.6%)	(11,113)	(19.8%)	(3,472)	(5.9%)
Other expenses	(18)	(0.1%)	(136)	(0.1%)	(1,156)	(0.8%)	(327)	(0.6%)	(1,317)	(2.2%)
Finance costs	(186)	(0.9%)	(563)	(0.5%)	(1,138)	(0.8%)	(401)	(0.7%)	(300)	(0.5%)
Profit before tax	1,602	7.6%	35,410	29.4%	38,235	25.7%	1,365	2.4%	4,631	7.9%
Income tax credits/(expenses)	(63)	(0.3%)	(4,287)	(3.6%)	(5,122)	(3.4%)	1,037	1.8%	(1,577)	(2.7%)
Profit for the year/period	1,539	7.3%	31,123	25.8%	33,113	22.2%	2,402	4.3%	3,054	5.2%
Attributable to:										
Owners of the parent	1,539	7.3%	31,123	25.8%	33,106	22.2%	2,403	4.3%	3,053	5.2%
Non-controlling interests	–	–	–	–	7	0.0%	(1)	0.0%	1	0.0%
Non-HKFRS measure[1]										
Adjusted net profit[2]	1,539	7.3%	31,123	25.8%	38,263	25.7%	2,402	4.3%	11,277	19.2%

Notes:

(1) We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. The use of such non-HKFRS measure has limitations as an analytical tool, and you should not consider adjusted net profit in isolation, or as substitute for analysis of, our results of operations or financial position as reported under HKFRSs. See "— Key Components of Our Results of Operations — Non-HKFRS Measure."

(2) Adjusted net profit excludes the effect of listing expenses. See "— Key Components of Our Results of Operations — Non-HKFRS Measure."

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

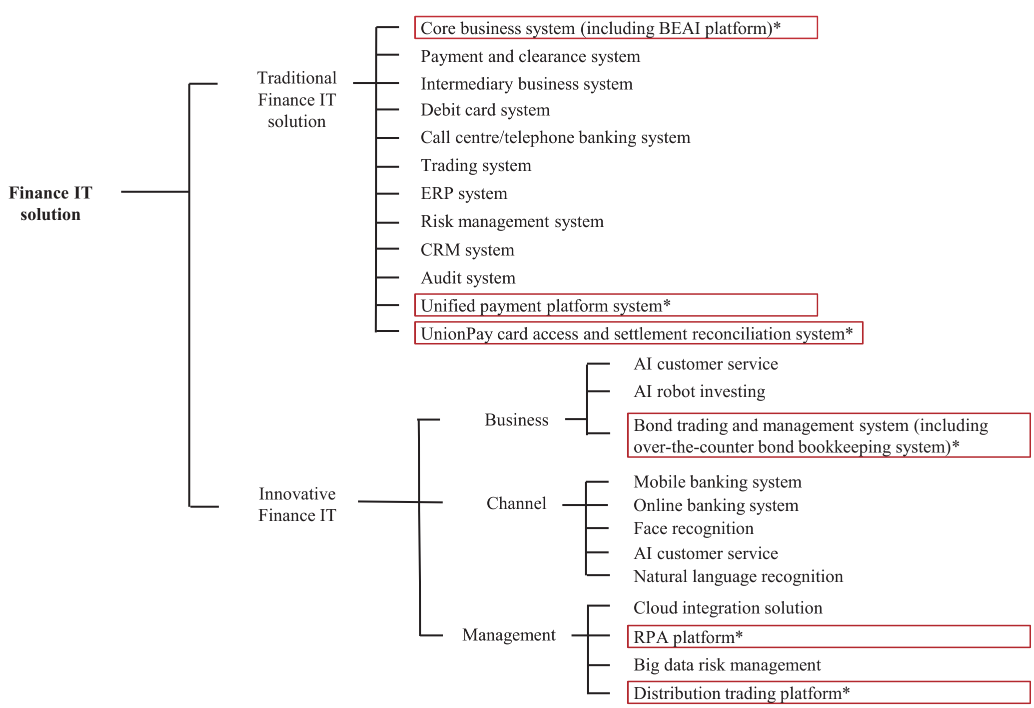
During the Track Record Period, we generated revenue from our sales of (1) IT solutions for financial institutions, (2) IT solutions for healthcare institutions, and (3) IT solutions for other enterprises. Our revenue increased significantly from RMB21.1 million in 2017 to RMB120.6 million in 2018, and further increased by 23.5% to RMB149.0 million in 2019. Our revenue increased by 4.6% from RMB56.2 million in the six months ended June 30, 2019 to RMB58.8 million in the six months ended June 30, 2020.

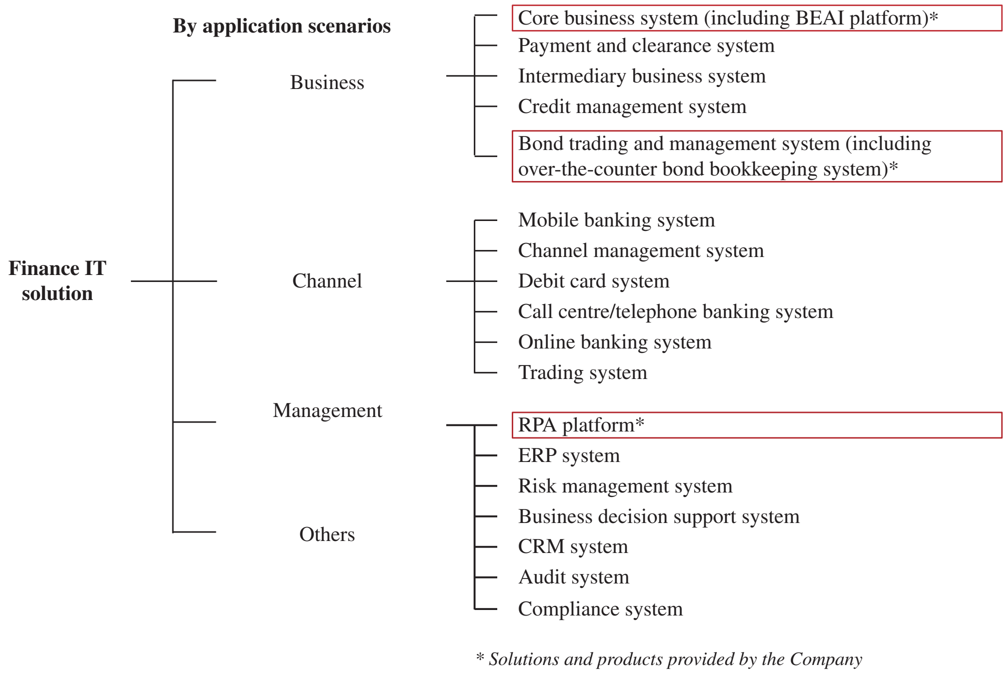
The following table sets forth a breakdown of our revenue by industry sector of end users, solution type and each key solution for the periods indicated. Depending on customers' needs, our IT solution may comprise a combination of different service offerings, including software development services, technical and maintenance services and software sales.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
IT solutions for financial institutions	20,676	98.1%	109,669	91.0%	126,974	85.2%	46,714	83.2%	53,053	90.3%
Traditional software-driven solutions	20,676	98.1%	99,373	82.4%	96,897	65.0%	33,762	60.1%	49,240	83.8%
– BEAI platform	9,591	45.5%	43,054	35.7%	27,066	18.2%	9,254	16.5%	12,322	21.0%
– Unified payment platform system	3,033	14.4%	5,428	4.5%	15,021	10.1%	3,614	6.4%	6,730	11.5%
– UnionPay card access and settlement reconciliation system	1,837	8.7%	15,659	13.0%	12,408	8.3%	1,408	2.5%	8,507	14.5%
Innovative software-driven solutions	–	–	10,296	8.6%	30,077	20.2%	12,952	23.1%	3,814	6.5%
– Over-the-counter bond bookkeeping system	–	–	2,384	2.0%	8,516	5.7%	3,129	5.6%	3,061	5.2%
– Distributed trading platform	–	–	–	–	5,443	3.7%	1,061	1.9%	296	0.5%
– RPA solution (solution powered by data analysis and image and text recognition technologies)	–	–	7,428	6.2%	15,978	10.7%	8,325	14.8%	455	0.8%
IT solutions for healthcare institutions	–	–	–	–	12,294	8.3%	4,024	7.2%	2,720	4.6%
Innovative software-driven solutions	–	–	–	–	12,294	8.3%	4,024	7.2%	2,720	4.6%
– Medical quality control and safety warning system	–	–	–	–	10,908	7.3%	3,836	6.8%	2,599	4.4%
– Telemedicine system	–	–	–	–	947	0.6%	188	0.3%	121	0.2%
– Clinical pathway management system	–	–	–	–	318	0.2%	–	–	–	–
IT solutions for other enterprises	390	1.9%	10,902	9.0%	9,702	6.5%	5,414	9.6%	2,982	5.1%
Traditional software-driven solutions	390	1.9%	10,902	9.0%	9,702	6.5%	5,414	9.6%	2,982	5.1%
– Project management system	390	1.9%	8,582	7.1%	8,346	5.6%	5,414	9.6%	–	–
– Budget management system	–	–	1,570	1.3%	1,215	0.8%	–	–	–	–
– Human resource management system	–	–	750	0.6%	141	0.1%	–	–	–	–
Total	21,066	100.0%	120,571	100.0%	148,970	100.0%	56,152	100.0%	58,755	100.0%

During the Track Record Period, our revenue from IT solutions for financial institutions and IT solutions for other enterprises significantly increased, which was in line with our business growth and expansion. We launched our first healthcare IT solution, namely the medical quality control and safety warning system, in November 2018. We have also continuously diversified our solution offerings and focused on developing our innovative software-driven solutions, including solutions powered by data analysis and image and text recognition technologies, which have relatively high profit margin. Our revenue generated from traditional software-driven solutions as a percentage of our total revenue for the same period decreased from 100.0% in 2017 to 91.4% in 2018 and further to 71.5% in 2019. In contrast, our revenue generated from innovative software-driven solutions as a percentage of our total revenue for the same period increased from nil in 2017 to 28.5% in 2019. As we continuously developed and commercialized diversified solutions to meet the evolving customers' demands, the revenue contribution from our newly developed solutions, such as over-the-counter bond bookkeeping system, increased during the Track Record Period. The relatively high revenue contribution from our traditional software-driven solutions in the six months ended June 30, 2020 was primarily because the project progress of certain contracts of our innovative software-driven solutions, including solutions powered by data analysis and image and text recognition technologies, was at an early stage in the first half of 2020 and during the COVID-19 outbreak, our marketing activities to promote our solutions were limited, leading to a relatively small amount of revenue from such solutions recognized in the same period. The fluctuations of revenue of different solutions from the six months ended June 30, 2019 to the six months ended June 30, 2020 was primarily due to (1) our enhanced efforts in developing and marketing our finance IT solutions, and (2) the fluctuations in our revenue during the COVID-19 outbreak. See "— Period to Period Comparison of Results of Operations — Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019 — Revenue."

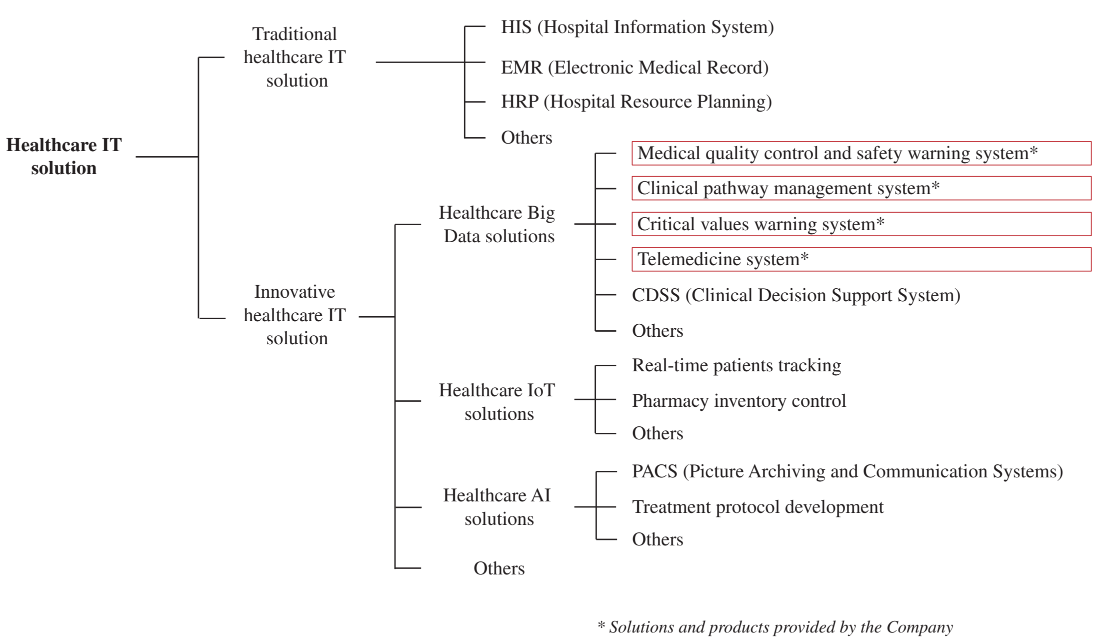
The following diagrams illustrate the classification of the finance IT solution industry:





Source: CIC Report

The following diagram illustrates the classification of the healthcare IT solution.



Source: CIC Report

The following table sets forth a breakdown of our revenue by end users and system integrators for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
End Users	17,147	81.4%	88,583	73.5%	120,686	81.0%	46,172	82.2%	44,583	75.9%
- Software development services	13,092	62.2%	66,923	55.5%	101,057	67.8%	37,817	67.3%	35,980	61.2%
- Technical and maintenance services	4,055	19.3%	15,282	12.7%	15,651	10.5%	7,016	12.5%	7,765	13.2%
- Software sales	–	–	6,378	5.3%	3,978	2.7%	1,339	2.4%	838	1.4%
System Integrators	3,919	18.6%	31,988	26.5%	28,284	19.0%	9,980	17.8%	14,172	24.1%
- Software development services	3,399	16.1%	21,744	18.0%	14,875	10.0%	5,393	9.6%	11,702	19.9%
- Technical and maintenance services	520	2.5%	4,740	3.9%	3,248	2.2%	1,350	2.4%	891	1.5%
- Software sales	–	–	5,504	4.6%	10,161	6.8%	3,237	5.8%	1,579	2.7%
Total	21,066	100.0%	120,571	100.0%	148,970	100.0%	56,152	100.0%	58,755	100.0%

The following table sets forth a breakdown of our revenue by product and service type for the periods indicated. Based on customers' needs, we may offer a combination of different service offerings as a package.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
Software development services	16,491	78.3%	88,667	73.5%	115,932	77.8%	43,211	77.0%	47,561	81.0%
Technical and maintenance services	4,575	21.7%	20,022	16.6%	18,899	12.7%	8,366	14.9%	8,778	14.9%
Software sales	–	–	11,882	9.9%	14,139	9.5%	4,575	8.1%	2,416	4.1%
Total	21,066	100.0%	120,571	100.0%	148,970	100.0%	56,152	100.0%	58,755	100.0%

Our software development services typically involved developing customized software to be integrated into the systems of the financial institutions, healthcare institutions and other enterprises. Our technical and maintenance services included (1) maintenance services we provided following our customers' purchases of our IT solutions and (2) technical support services we provided based on our customers' needs, by deploying technical staff, to work at customers' premises and ensure smooth operation of their existing systems. Our software sales involved the sale of our self-developed software products to our customers. During the Track Record Period, our revenue generated from software development services increased, primarily due to increased sales of our IT solutions along with our successful market expansion and customer acquisition. Our revenue generated from technical and maintenance services increased from 2017 to 2018, in line with our business growth, and slightly decreased from 2018 to 2019, primarily because we focused more on software development services and maintenance services in line with our increased investment in the development and promotion of our IT solutions, and allocated less manpower resources to technical support services, which are provided on a stand-alone basis for the maintenance of customers' existing systems and are not related to our own IT solutions.

We recorded accumulated losses as of January 1, 2017 primarily due to the recognition of impairment loss of RMB3.2 million in 2016 relating to certain equipment procured in 2013 and 2014 for hardware sales. The impairment loss was recognized as such equipment was irrelevant to our current business operations since our business model has significantly changed after Mr. Zhai's acquisition in December 2016, and was procured for a long time with outdated technology applications. Our accumulated losses as of January 1, 2018 was primarily because our business was at an early stage and our business scale was relatively small in 2017. The significant increase in revenue during the Track Record Period was because (1) we enhanced our research and development efforts and introduced and commercialized many IT solutions for financial institutions, healthcare institutions and other enterprises in 2018 and 2019, (2) there was a growing demand from financial institutions, healthcare institutions and other enterprises for IT solutions, driven by relevant government policies or business development needs, and (3) we enhanced our sales and marketing efforts and expanded our customer base to more geographical regions in China, evidenced by the increased customer base from 25 customers in 2017 to 71 customers in 2018, to 124 customers in 2019, and further to 129 customers in the six months ended June 30, 2020. See "Financial Information – Period to Period Comparison of Results of Operations" for more details.

Cost of Sales

In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our cost of sales was RMB12.2 million, RMB62.8 million, RMB75.8 million, RMB35.0 million and RMB34.2 million, respectively, representing 57.9%, 52.1%, 50.9%, 62.3% and 58.2% of our total revenue for the same periods, respectively. The increase in our cost of sales during the Track Record Period was generally consistent with the increase in our revenue, which primarily reflected our business growth.

The following table sets forth a breakdown of our cost of sales by industry sector of end users for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
IT solutions for financial institutions	12,082	99.1%	58,547	93.2%	64,871	85.6%	28,203	80.5	31,845	93.1%
IT solutions for healthcare institutions	–	–	–	–	5,920	7.8%	2,714	7.8%	1,620	4.7%
IT solutions for other enterprises	113	0.9%	4,241	6.8%	5,021	6.6%	4,087	11.7%	741	2.2%
Total	12,195	100.0%	62,788	100.0%	75,812	100.0%	35,004	100.0%	34,206	100.0%

During the Track Record Period, our cost of sales primarily consisted of staff costs, depreciation and amortization costs and travel costs. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
Staff costs	8,936	73.3%	54,348	86.6%	64,351	84.9%	27,889	79.6%	31,579	92.3%
Depreciation and amortization costs	1,192	9.8%	3,659	5.8%	5,027	6.6%	2,616	7.5%	1,755	5.1%
Travel costs	188	1.5%	1,906	3.0%	3,924	5.2%	3,179	9.1%	87	0.3%
Others	1,879	15.4%	2,875	4.6%	2,510	3.3%	1,320	3.8%	785	2.3%
Total	12,195	100.0%	62,788	100.0%	75,812	100.0%	35,004	100.0%	34,206	100.0%

Our staff costs primarily consisted of salaries, bonuses, social insurance and other benefits paid to our employees directly involved in our project execution. We generally assign our technical staff to project execution or research and development work on a project-by-project basis based on specific project needs and our employees' expertise. Thus, the staff allocation among various projects and between project execution and research and development functions varies from month to month based on our business needs. See "— Research and Development Expenses" and "Business — Employees." Depreciation and amortization costs were primarily related to office furniture and equipment and office renovation. Travel costs primarily included costs of out-of-town transportation and accommodation incurred by our project execution staff for rendering our services.

Gross Profit and Gross Margin

In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our gross profit amounted to RMB8.9 million, RMB57.8 million, RMB73.2 million, RMB21.1 million and RMB24.5 million, respectively, representing gross margin of 42.1%, 47.9%, 49.1%, 37.7% and 41.8% for the same periods, respectively.

The following table sets forth a breakdown of our gross profit and gross margin by industry sector of end users, solution type and each key solution for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin
	(RMB in thousands, except for percentages)									
IT solutions for financial institutions	8,594	41.6%	51,122	46.6%	62,103	48.9%	18,511	39.6%	21,208	40.0%
Traditional software-driven solutions	8,594	41.6%	46,709	47.0%	43,730	45.1%	11,184	33.1%	19,552	39.7%
– BEAI platform	4,071	42.4%	21,497	49.9%	8,275	30.6%	2,503	27.0%	5,043	40.9%
– Unified payment platform system	1,664	54.9%	2,098	38.7%	8,277	55.1%	1,435	39.7%	2,815	41.8%
– UnionPay card access and settlement reconciliation system	1,210	65.9%	8,302	53.0%	5,890	47.5%	420	29.8%	3,097	36.4%
Innovative software-driven solutions	–	–	4,414	42.9%	18,373	61.1%	7,327	56.6%	1,656	43.4%
– Over-the-counter bond bookkeeping system	–	–	2,022	84.8%	5,453	64.0%	1,897	60.6%	1,354	44.2%
– Distributed trading platform	–	–	–	–	3,412	62.7%	670	63.1%	128	43.2%
– RPA solution (solution powered by data analysis and image and text recognition technologies)	–	–	2,132	28.7%	9,528	59.6%	4,845	58.2%	173	38.0%
IT solutions for healthcare institutions	–	–	–	–	6,374	51.8%	1,310	32.6%	1,100	40.4%
Innovative software-driven solutions	–	–	–	–	6,374	51.8%	1,310	32.6%	1,100	40.4%
– Medical quality control and safety warning system	–	–	–	–	5,821	53.4%	1,479	38.6%	1,058	40.7%
– Telemedicine system	–	–	–	–	460	48.6%	56	29.8%	42	34.7%
– Clinical pathway management system	–	–	–	–	123	38.7%	–	–	–	–
IT solutions for other enterprises	277	71.0%	6,661	61.1%	4,681	48.2%	1,327	24.5%	2,241	75.2%
Traditional software-driven solutions	277	71.0%	6,661	61.1%	4,681	48.2%	1,327	24.5%	2,241	75.2%
– Project management system	277	71.0%	4,341	50.6%	3,530	42.3%	1,327	24.5%	–	–
– Budget management system	–	–	1,570	100.0%	1,082	89.1%	–	–	–	–
– Human resource management system	–	–	750	100.0%	70	49.6%	–	–	–	–
Total	8,871	42.1%	57,783	47.9%	73,158	49.1%	21,148	37.7%	24,549	41.8%

We provide customized IT solutions to meet the specific needs of different customers on a project-by-project basis. The gross margin of our different solutions fluctuated during the Track Record Period primarily because (1) each of our IT solutions may comprise a combination of different service offerings, including software development services, technical and maintenance services and software sales, and the profit margin of each IT solution depends on the service components and their respective profit margin; and (2) our IT solutions generally are customized and the profit level of each IT solution may vary depending on the project nature, its competitiveness, workload involved, market demand and our bargaining power in each project. The relatively low gross margin for our IT solutions in the six months ended June 30, 2019 and 2020 was primarily because the relatively small number of contracts for our IT solutions in the first half of 2019 and 2020 resulting from the seasonality of our project cycle while the number of our total technical staff generally remains stable throughout a year, leading to the effect that on average more technical staff were staffed for each contract compared to the staff allocation for the periods with more contracts, resulting in more staff costs and relatively low gross margin. The relatively small number of contracts for our IT solutions in the first half of 2019 and 2020 resulting from the seasonality of our project cycle was one of the reasons for the relatively low gross margin for most of our IT solutions in the six months ended June 30, 2019 and 2020, and there were also various specific reasons for the relatively low gross margin in the same periods for each key IT solution.

Specifically, our gross margin for our BEAI platform in 2019 and the six months ended June 30, 2019 was relatively low because (1) we recorded relatively low profit for contracts with certain financial institutions which demanded more complex functions and features for their customized BEAI platform in 2019, leading to a relatively large amount of staff costs incurred; and (2) the relatively small number of contracts for our BEAI platform in the first half of 2019 resulting from the general project cycle led to the effect that on average more technical staff were staffed for each contract, resulting in more staff costs and relatively low gross margin.

Our gross margin for our unified payment platform system fluctuated during the Track Record Period, primarily because (1) our unified payment platform system was in the early development stage in 2017 and 2018 and the relatively small business scale led to varied profit level; and (2) the relatively small number of contracts for our unified payment platform system in the first half of 2019 and 2020 resulting from the general project cycle led to the effect that on average more technical staff were staffed for each contract, resulting in more staff costs and relatively low gross margin.

Our gross margin for our UnionPay card access and settlement reconciliation system fluctuated during the Track Record Period and we recorded relatively low gross margin in the six months ended June 30, 2019 and 2020, primarily because (1) our UnionPay card access and settlement reconciliation system was in the early development stage in 2017, and the high gross margin in 2017 for the small business scale was not representative; and (2) the relatively small number of contracts for our UnionPay card access and settlement reconciliation system in the first half of 2019 and 2020 resulting from the general project cycle led to the effect that on average more technical staff were staffed for each contract, resulting in more staff costs and relatively low gross margin.

Our gross margin for our over-the-counter bond bookkeeping system and distributed trading platform fluctuated during the Track Record Period and we recorded relatively low gross margin in the six months ended June 30, 2019 and 2020, primarily because (1) our over-the-counter bond bookkeeping system and distributed trading platform were in the early development stage in 2018 and 2019 and the relatively small business scale led to varied profit level; and (2) the relatively small number of contracts for our over-the-counter bond bookkeeping system and distributed trading platform in the first half of 2019 and 2020 resulting from the general project cycle led to the effect that on average more technical staff were staffed for each contract, resulting in more staff costs and relatively low gross margin.

We recorded relatively high gross margin for our RPA solution in 2019 and the six months ended June 30, 2019, primarily because we had certain software sales contract for our RPA solution with gross margin of 100%. We recorded relatively low gross margin for our RPA solution in 2018 because our RPA solution was in the early development stage in 2018, and in order to promote our RPA solution, we offered competitive contract price to our customers in 2018. We recorded relatively low gross margin for our RPA solution in the six months ended June 30, 2020 due to the relatively small number of contracts for RPA solution in the first half of 2020 resulting from the general project cycle, which led to the effect that on average more technical staff were staffed for each contract, resulting in more staff costs and relatively low gross margin.

Our gross margin for our medical quality control and safety warning system and telemedicine system fluctuated during the Track Record Period and we recorded relatively low gross margin for our healthcare IT solutions in the six months ended June 30, 2019 and 2020. The business scale of our IT solutions for healthcare institutions was relatively small in the first half of 2019 and 2020 as our business of IT solutions for healthcare institution was at an early stage in the first half of 2019 and we had limited access to on-site implementation and testing for our healthcare customers' premises in the first half of 2020 due to the impact of the COVID-19 outbreak. The relatively small number of contracts led to the effect that on average more technical staff were staffed for each contract compared to the staff allocation for the periods with more contracts, resulting in more staff costs and relatively low gross margin.

Our gross margin for our project management system decreased during the Track Record Period primarily because (1) our project management system was in the early development stage in 2017, and the high gross margin in 2017 for the small business scale was not representative; and (2) we provided more software development services for other enterprises in 2019, which generally have lower gross margin than software sales, and we had more contracts of software sales for other enterprises in 2018.

The following table sets forth a breakdown of our gross profit and gross margin by end users and system integrators for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin
	(RMB in thousands, except for percentages)									
End users	7,307	42.6%	38,077	43.0%	54,767	45.4%	16,300	35.3%	17,581	39.4%
System integrators	1,564	39.9%	19,706	61.6%	18,391	65.0%	4,848	48.6%	6,968	49.2%
Total	8,871	42.1%	57,783	47.9%	73,158	49.1%	21,148	37.7%	24,549	41.8%

The gross margin attributable to our end users was relatively stable during the Track Record Period except for the first half of 2019 and 2020, as our end users engaged us primarily for software development services. The relatively low gross margin attributable to our end users and system integrators in the six months ended June 30, 2019 and 2020 was primarily because the relatively small number of contracts for our IT solutions in the first half of 2019 and 2020 resulting from the seasonality of our project cycle while the number of our total technical staff generally remains stable throughout a year, leading to the effect that on average more technical staff were staffed for each contract compared to the staff allocation for the periods with more contracts, resulting in more staff costs and relatively low gross margin. The gross margin attributable to our system integrators fluctuated from 2017 to 2019 primarily due to the increased revenue contribution from software sales for our system integrators, which generally have higher gross margin than software development services and technical and maintenance services. Specifically, we were in process of developing software products and did not generate any revenue from software sales for our business with system integrators in 2017. The revenue generated from software sales for our system integrators was nil, RMB5.5 million, RMB10.2 million, RMB3.2 million and RMB1.6 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively, accounting for nil, 17.2%, 35.9%, 32.4% and 11.1% of the total revenue we generated from our system integrators for the same periods, respectively. See "— Revenue."

The gross margin attributable to our system integrators was generally higher than the gross margin attributable to our end users during the Track Record Period primarily because software sales, which generally have higher gross margin than software development services and technical and maintenance services, accounted for a higher proportion in our services provided to our system integrators compared to that of our end users, who engaged us primarily for software development services. The revenue generated from software sales for our business with end users was nil, RMB6.4 million, RMB4.0 million, RMB1.3 million and RMB0.8 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively, accounting for nil, 7.2%, 3.3%, 2.9% and 1.9% of the total revenue we generated from our end users for the same periods, respectively. See "— Revenue."

The following table sets forth a breakdown of our gross profit and gross margin by product and service type and different bands of contract value for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin	Amount	Gross margin
	(RMB in thousands, except for percentages)									
Software development services	7,803	47.3%	39,460	44.5%	49,631	42.8%	12,869	29.8%	17,945	37.7%
Below RMB0.5 million	377	25.6%	2,641	26.0%	11,501	46.4%	1,691	32.8%	2,264	38.0%
RMB0.5 million to RMB1.0 million	1,277	40.6%	3,059	42.3%	2,863	59.7%	622	65.9%	1,024	33.9%
RMB1.0 million to RMB5.0 million	5,931	54.2%	17,419	42.9%	16,571	35.3%	5,691	40.0%	3,846	38.3%
Above RMB5.0 million	218	23.7%	13,511	52.3%	11,801	50.0%	2,392	25.4%	–	–
Contracts without a fixed price[(1)]	–	–	2,830	58.1%	6,895	43.6%	2,474	18.4%	10,811	37.9%
Technical and maintenance services	1,068	23.3%	6,441	32.2%	9,388	49.7%	3,704	44.3%	4,188	47.7%
Below RMB0.5 million	190	22.8%	676	21.3%	2,115	49.8%	938	53.4%	1,358	56.5%
RMB0.5 million to RMB1.0 million	–	–	1,242	58.7%	1,002	67.7%	131	38.8%	39	38.2%
RMB1.0 million to RMB5.0 million	418	29.6%	3,324	31.3%	3,921	44.8%	282	17.1%	1,086	44.9%
Above RMB5.0 million	460	19.7%	1,199	29.2%	2,350	53.1%	2,297	64.6%	1,171	44.3%
Contracts without a fixed price[(1)]	–	–	–	–	–	–	55	5.2%	534	44.4%
Software sales	–	–	11,882	100.0%	14,139	100.0%	4,575	100.0%	2,416	100.0%
Below RMB0.5 million	–	–	268	100.0%	459	100.0%	460	100.0%	–	–
RMB0.5 million to RMB1.0 million	–	–	2,161	100.0%	2,471	100.0%	879	100.0%	2,416	100.0%
RMB1.0 million to RMB5.0 million	–	–	9,452	100.0%	11,209	100.0%	3,237	100.0%	–	–
Above RMB5.0 million	–	–	–	–	–	–	–	–	–	–
Contracts without a fixed price[(1)]	–	–	–	–	–	–	–	–	–	–
Total	8,871	42.1%	57,783	47.9%	73,158	49.1%	21,148	37.7%	24,549	41.8%

Note:

(1) For contracts without a fixed price or a price cap, we classify those that were completed during the corresponding periods by their contract value based on actual workload incurred and allocate them to the respective bands of contract value, and we classify those that were not completed during the corresponding periods under the band "contracts without a fixed price."

We provide customized IT solutions to meet the specific needs of different customers on a project-by-project basis. Our gross margin for software sales remained relatively stable during the Track Record Period. The slight decrease in our gross margin for software development services from 44.5% in 2018 to 42.8% in 2019 primarily reflected the varied profit level of customized IT solution provided to our more diversified customer base. The relatively low gross margin of 29.8% and 37.7% for our software development services in the six months ended June 30, 2019 and 2020 was primarily because the relatively small number of contracts for our software development services in the first half of 2019 and 2020 resulting from the seasonality of our project cycle while the number of our total technical staff generally remains stable throughout a year, leading to the effect that on average more technical staff were staffed for each contract compared to the staff allocation for the periods with more contracts, resulting in more staff costs and relatively low gross margin. Our gross margin for technical and maintenance services increased from 23.3% in 2017 to 32.2% in 2018 and further to 49.7% in 2019 and 47.7% in the six months ended June 30, 2020, primarily because we improved our employees' productivity and optimized our workforce staffing by allocating technical staff responsible for the existing maintenance contracts to the new software development contracts for the same customers based on customers' evolving demands.

Other Income and Gains

Other income and gains primarily consisted of fair value gains or losses on financial assets at fair value through profit and loss, bank interest income, VAT refunds and other tax subsidies, foreign exchange gains and interest income arising from revenue contracts representing interest income from contracts that contain a significant financing component which provides our customers with a benefit of financing. The following table sets forth a breakdown of our other income and gains for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
Fair value gains or losses on financial assets at fair value through profit and loss	–	–	–	–	–	–	–	–	129	10.7%
Bank interest income	33	8.6%	82	22.6%	128	6.9%	38	22.5%	100	8.3%
VAT refunds and other tax subsidies	–	–	243	66.9%	1,649	89.0%	95	56.2%	961	79.4%
Foreign exchange gains	–	–	34	9.4%	12	0.7%	–	–	11	0.9%
Interest income arising from revenue contracts	–	–	4	1.1%	63	3.4%	36	21.3%	9	0.7%
Others	351	91.4%	–	–	–	–	–	–	–	–
Total	384	100.0%	363	100.0%	1,852	100.0%	169	100.0%	1,210	100.0%

VAT refunds and other tax subsidies primarily consisted of value-added tax refunds received from the PRC government for the sale of our self-developed software products with the actual VAT burden exceeding 3%. Bank interest income consisted of interest income generated from our bank deposits.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of salaries and other benefits for our sales and marketing staff, general operation expenses, depreciation and amortization expenses and travel expenses. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, our selling and distribution expenses were RMB0.6 million, RMB3.2 million, RMB6.5 million, RMB3.3 million and RMB3.8 million, respectively, representing 2.8%, 2.7%, 4.4%, 5.8% and 6.4% of our total revenue for the same periods, respectively.

The following table sets forth the components of our selling and distribution expenses for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
Employee-related expenses	426	72.4%	2,167	66.7%	5,277	81.0%	2,566	78.7%	3,026	80.3%
General operation expenses	75	12.7%	426	13.1%	447	6.9%	375	11.5%	365	9.7%
Depreciation and amortization expenses	53	9.0%	144	4.4%	390	6.0%	158	4.8%	184	4.9%
Travel expenses	35	5.9%	240	7.4%	206	3.1%	115	3.5%	133	3.5%
Others	–	–	271	8.4%	195	3.0%	52	1.5%	62	1.6%
Total	589	100.0%	3,248	100.0%	6,515	100.0%	3,266	100.0%	3,770	100.0%

Administrative Expenses

Our administrative expenses primarily consisted of listing expenses, salaries and other benefits for our administrative staff, travel expenses, general operation expenses and depreciation and amortization expenses. We incurred administrative expenses of RMB3.7 million, RMB8.3 million, RMB13.7 million, RMB4.8 million and RMB12.3 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively, representing 17.4%, 6.9%, 9.2%, 8.6% and 20.9% of our total revenue for the same periods, respectively. Listing expenses represented fees paid to professional parties in connection with the Global Offering. The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
Listing expenses	–	–	–	–	5,150	37.6%	–	–	8,222	67.0%
Employee-related expenses	1,324	36.2%	5,028	60.3%	5,738	41.9%	3,305	68.2%	2,635	21.5%
Travel expenses	314	8.6%	1,130	13.5%	957	7.0%	571	11.8%	479	3.9%
General operation expenses	1,465	40.1%	1,709	20.5%	1,248	9.1%	718	14.8%	602	4.9%
Depreciation and amortization expenses	422	11.5%	329	4.0%	390	2.9%	218	4.5%	140	1.1%
Others	133	3.6%	139	1.7%	207	1.5%	33	0.7%	191	1.6%
Total	3,659	100.0%	8,335	100.0%	13,690	100.0%	4,845	100.0%	12,269	100.0%

Research and Development Expenses

Our research and development expenses primarily consisted of salaries and other benefits for our research and development personnel and depreciation and amortization expenses. We incurred research and development expenses of RMB3.2 million, RMB10.5 million, RMB14.3 million, RMB11.1 million and RMB3.5 million in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively, representing 15.2%, 8.7%, 9.6%, 19.8% and 5.9% of our total revenue for the same periods, respectively. The following table sets forth a breakdown of our research and development expenses for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
Employee-related expenses	2,835	88.6%	9,088	86.9%	11,223	78.6%	9,448	85.0%	2,029	58.4%
Depreciation and amortization expenses	359	11.2%	835	8.0%	1,990	13.9%	762	6.9%	1,406	40.5%
Others	7	0.2%	531	5.1%	1,063	7.5%	903	8.1%	37	1.1%
Total	3,201	100.0%	10,454	100.0%	14,276	100.0%	11,113	100.0%	3,472	100.0%

We generally assign our technical staff to project execution or research and development work on a project-by-project basis based on specific project needs and our employees' expertise. Thus, the staff allocation among various projects and between project execution and research and development functions varies from month to month based on our business needs. See "Business — Employees." We record the expenses of technical staff assigned to research and development work during a specific period and incurred in relation to research and development work as employee-related expenses in our research and development expenses. Our research and development expenses decreased by 68.5% from RMB11.1 million in the six months ended June 30, 2019 to RMB3.5 million in the six months ended June 30, 2020, primarily due to a decrease in our employee-related expenses of RMB7.4 million as a result of (1) certain adjustments of the salary level during the COVID-19 outbreak for employees who worked from home in the first quarter of 2020 and we adjusted back to the normal salary level in the second quarter of 2020, and (2) our allocation of more technical staff for project execution of our finance IT solutions instead of research and development activities in the first half of 2020, to maintain our business growth when facing challenges brought by the COVID-19 outbreak. See "— Period to Period Comparison of Results of Operations — Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019 — Research and development expenses."

Finance Costs

Finance costs consisted of interest expenses on lease liabilities and interest expenses on bank borrowings and amounted to RMB0.2 million, RMB0.6 million, RMB1.1 million, RMB0.4 million and RMB0.3 million in 2017, 2018, 2019 and the the six months ended June 30, 2019 and 2020, respectively.

Income Tax Credits/Expenses

We incurred income tax expenses of RMB63,000, RMB4.3 million, RMB5.1 million and RMB1.6 million in 2017, 2018, 2019 and the six months ended June 30, 2020, respectively, representing effective tax rates of 3.9%, 12.1%, 13.4% and 34.1%, respectively, for the same periods. We had income tax credits of RMB1.0 million in the six months ended June 30, 2019, representing effective tax rate of 76.0% for the same period.

Pursuant to the EIT Law and related regulations, enterprises which operate in China are subject to enterprise income tax at a rate of 25% on their taxable profits. Beijing Newlink, an indirect wholly-owned subsidiary of us, was recognized as a "high and new technology enterprise" in China since October 25, 2017, and enjoyed a preferential income tax rate of 15% for a period of three years from 2017 to 2019. As a result, Beijing Newlink was subject to the preferential tax rate of 15% in 2017, 2018 and 2019. The "high and new technology enterprise" certificate of Beijing Newlink will expire on October 25, 2020, and we intend to reapply in the second half of 2020 and target to obtain the renewed certificate by the end of 2020. According to relevant PRC laws and regulations, we were entitled to claim 175% of our research and development expenses from January 1, 2018 to December 31, 2019 as tax deductible expenses. For risks relating to our preferential tax treatments, see "Risk Factors — Risks Relating to Our Business and Industry — Failure to obtain government grants or preferential tax treatments that may be available to us, or the discontinuation, reduction or delay of any of the government grants or preferential tax treatments currently enjoyed by us in the future could materially and adversely affect our business, results of operations and financial condition."

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

Profit for the Year/Period

In 2017, 2018 and 2019, our net profit was RMB1.5 million, RMB31.1 million and RMB33.1 million, respectively, and our net margin was 7.3%, 25.8% and 22.2%, respectively, for the same periods. In the six months ended June 30, 2019 and 2020, our net profit was RMB2.4 million and RMB3.1 million, respectively, and our net margin was 4.3% and 5.2%, respectively, for the same periods.

Non-HKFRS Measure

To supplement our consolidated financial statements which are presented in accordance with HKFRSs and consistent with the measures adopted by our industry peers listed on the Stock Exchange, we also use a non-HKFRS measure, adjusted net profit, as an additional financial measure, which is not required by, or presented in accordance with, HKFRSs. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit may not be comparable to similarly titled measures presented by other companies, as companies may not calculate adjusted net profit in the same manner. The use of such non-HKFRS measure has limitations as an analytical tool, because it does not reflect all items of income and expense that affect our operations, such as the impact of listing expenses. The item that is adjusted for may continue to be incurred and should be considered in the overall understanding and assessment of our operating performance. You should not consider adjusted net profit in isolation, or as substitute for analysis of, our results of operations or financial position as reported under HKFRSs. Adjusted net profit, as we present it, represents our profit for the year/period excluding the effect of listing expenses.

The following table reconciles our adjusted net profit presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	(RMB in thousands)				
Profit for the year/period	1,539	31,123	33,113	2,402	3,054
Add:					
Listing expenses	–	–	5,150	–	8,222
Adjusted net profit	1,539	31,123	38,263	2,402	11,276

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

Revenue

Our revenue increased by 4.6% from RMB56.2 million in the six months ended June 30, 2019 to RMB58.8 million in the six months ended June 30, 2020, primarily driven by the increase in our revenue from IT solutions for financial institutions from RMB46.7 million to RMB53.1 million, partially offset by (1) the decrease in our revenue from IT solutions for healthcare institutions from RMB4.0 million to RMB2.7 million, and (2) the decrease in our revenue from IT solutions for other enterprises from RMB5.4 million to RMB3.0 million, during the same periods.

- *IT solutions for financial institutions.* Our revenue generated from IT solutions for financial institutions increased by 13.7% from RMB46.7 million in the six months ended June 30, 2019 to RMB53.1 million in the six months ended June 30, 2020, primarily due to (1) a growing demand from financial institutions for UnionPay card access and settlement reconciliation system and BEAI platform, evidenced by the increase in the revenue contribution from the respective IT solutions from RMB1.4 million and RMB8.5 million in the six months ended June 30, 2019, respectively, to RMB9.3 million and RMB12.3 million in the six months ended June 30, 2020, respectively, and (2) a growing demand from our enlarging customer base to adapt to their new business scenarios and regulatory requirements.

- *IT solutions for healthcare institutions.* Our revenue generated from IT solutions for healthcare institutions decreased by 32.5% from RMB4.0 million in the six months ended June 30, 2019 to RMB2.7 million in the six months ended June 30, 2020, primarily because most of the hospitals in China focused on dealing with COVID-19 in January and February of 2020, the peak of COVID-19 outbreak in China, and thus we had limited access to on-site implementation and testing for certain projects at our healthcare customers' premises. We gradually resumed our project execution for those affected projects since mid-March.

- *IT solutions for other enterprises.* Our revenue generated from IT solutions for other enterprises decreased by 44.4% from RMB5.4 million in the six months ended June 30, 2019 to RMB3.0 million in the six months ended June 30, 2020, primarily due to a decreasing demand from other enterprises for IT solutions resulting from their expenditure control during the COVID-19 outbreak.

Cost of sales

Our cost of sales decreased by 2.3% from RMB35.0 million in the six months ended June 30, 2019 to RMB34.2 million in the six months ended June 30, 2020. The decrease was primarily due to the decrease in our travel costs from RMB3.2 million to RMB87,000 resulting from the travel restrictions during the COVID-19 outbreak, partially offset by the increase in our staff costs related to employees directly involved in our project execution from RMB27.9 million to RMB31.6 million to support our business expansion, during the same periods.

- *IT solutions for financial institutions.* Our cost of sales related to IT solutions for financial institutions increased by 12.8% from RMB28.2 million in the six months ended June 30, 2019 to RMB31.8 million in the six months ended June 30, 2020, primarily due to the increase in the manpower involved for the technology and software development of IT solutions for financial institutions, evidenced by the increase in the staff costs for our technical staff allocated to the project execution for our projects related to IT solutions for financial institutions from RMB21.7 million in the six months ended June 30, 2019 to RMB29.4 million in the six months ended June 30, 2020.

- *IT solutions for healthcare institutions.* Our cost of sales related to IT solutions for healthcare institutions decreased by 40.7% from RMB2.7 million in the six months ended June 30, 2019 to RMB1.6 million in the six months ended June 30, 2020, primarily due to the decrease in the staff costs for our technical staff allocated to the project execution for our projects related to IT solutions for healthcare institutions from RMB2.5 million in the six months ended June 30, 2019 to RMB1.5 million in the six months ended June 30, 2020, as we had limited access to on-site implementation and testing for certain projects at our healthcare customers' premises during the COVID-19 outbreak.

- *IT solutions for other enterprises.* Our cost of sales related to IT solutions for other enterprises decreased by 82.9% from RMB4.1 million in the six months ended June 30, 2019 to RMB0.7 million in the six months ended June 30, 2020, primarily due to the decrease in the staff costs for our technical staff allocated to the project execution for our projects related to IT solutions for other enterprises from RMB3.7 million in the six months ended June 30, 2019 to RMB0.7 million in the six months ended June 30, 2020, along with a decreasing demand from other enterprises for IT solutions resulting from their expenditure control during the COVID-19 outbreak.

Gross profit and gross margin

As a result of the foregoing, our gross profit increased by 16.1% from RMB21.1 million in the six months ended June 30, 2019 to RMB24.5 million in the six months ended June 30, 2020. Our gross margin increased from 37.7% in the six months ended June 30, 2019 to 41.8% in the six months ended June 30, 2020.

- *IT solutions for financial institutions.* Our gross margin for IT solutions for financial institutions remained relatively stable at 39.6% in the six months ended June 30, 2019 and 40.0% in the six months ended June 30, 2020.

- *IT solutions for healthcare institutions.* Our gross margin for IT solutions for healthcare institutions increased from 32.6% in the six months ended June 30, 2019 to 40.4% in the six months ended June 30, 2020. The business scale of our IT solutions for healthcare institutions was relatively small with only nine projects in the first half of 2019 as our business of IT solutions for healthcare institution was at an early stage in the first half of 2019. We launched our first healthcare IT solution in November 2018. Our revenue for the six months ended June 30, 2019 was primarily contributed from our first couple of contracts for the medical quality control and safety warning system, for which we had relatively large initial investments for project execution costs and therefore relatively low gross profit margin. In addition, the relatively small number of contracts in the first half of 2019 leads to the effect that on average more technical staff were staffed for each contract compared to the staff allocation for the periods with more contracts, resulting in more staff costs and relatively low gross margin. Our gross margin for IT solutions for healthcare institutions increased in the six months ended June 30, 2020, primarily due to the increased number of contracts with mature system implementation as we generated revenue from 22 healthcare institutions during the period, with relatively low project execution costs benefited from the system implementation experience our technical staff accumulated. We improved our employees' productivity and optimized our workforce staffing by cross selling IT solutions to existing customers and allocating technical staff responsible for the existing contracts of the customers to the new contracts for the same customers.

- *IT solutions for other enterprises.* Our gross margin for IT solutions for other enterprises increased from 24.5% in the six months ended June 30, 2019 to 75.2% in the six months ended June 30, 2020, because we had more contracts of software sales for other enterprises in the six months ended June 30, 2020, and we generated all of our revenue from other enterprises in the six months ended June 30, 2019 from the provision of software development services, which generally have lower gross margin than software sales. In contrast, we generated revenue from two contracts of software development services and two contracts of software sales for other enterprises in the six months ended June 30, 2020.

Other income and gains

Other income and gains increased significantly from RMB0.2 million in the six months ended June 30, 2019 to RMB1.2 million in the six months ended June 30, 2020, primarily due to the increases in fair value gains or losses on financial assets at fair value through profit and loss, bank interest income and value-added tax refunds received from the PRC government.

Selling and distribution expenses

Our selling and distribution expenses increased by 15.2% from RMB3.3 million in the six months ended June 30, 2019 to RMB3.8 million in the six months ended June 30, 2020, primarily due to the increase in employee-related expenses of RMB0.4 million as a result of an increase in headcounts of our sales and marketing staff from 27 as of June 30, 2019 to 35 as of June 30, 2020 to support our business expansion.

Administrative expenses

Our administrative expenses increased significantly from RMB4.8 million in the six months ended June 30, 2019 to RMB12.3 million in the six months ended June 30, 2020, primarily due to the listing expenses of RMB8.2 million we incurred in the six months ended June 30, 2020, partially offset by the decrease in employee-related expenses of RMB0.7 million as a result of certain adjustments of the salary level during the COVID-19 outbreak for employees who worked from home in the first quarter of 2020 and we adjusted back to the normal salary level in the second quarter of 2020.

Research and development expenses

Our research and development expenses decreased by 68.4% from RMB11.1 million in the six months ended June 30, 2019 to RMB3.5 million in the six months ended June 30, 2020, primarily due to a decrease in our employee-related expenses of RMB7.4 million as a result of (1) certain adjustments of the salary level during the COVID-19 outbreak for employees who worked from home in the first quarter of 2020 and we adjusted back to the normal salary level in the second quarter of 2020, and (2) our allocation of more technical staff for project execution of our finance IT solutions instead of research and development activities in the first half of 2020, to maintain our business growth when facing challenges brought by the COVID-19 outbreak. The staff allocation among various projects and between project execution and research and development functions varies from month to month based on our business needs. See "— Key Components of Our Results of Operations — Research and Development Expenses" and "Business — Employees."

Other expenses

Other expenses increased significantly from RMB0.3 million in the six months ended June 30, 2019 to RMB1.3 million in the six months ended June 30, 2020, mainly reflecting the increase in the allowance for doubtful accounts related to our trade receivables aged more than one year.

Finance costs

Finance costs remained relatively stable at RMB0.4 million and RMB0.3 million in the six months ended June 30, 2019 and 2020, respectively.

Profit before tax

As a result of the foregoing, we recorded profit before tax of RMB1.4 million and RMB4.6 million in the six months ended June 30, 2019 and 2020, respectively.

Income tax credits/expenses

We had income tax credits of RMB1.0 million in the six months ended June 30, 2019, resulting from the tax loss during the same period. We incurred income tax expenses of RMB1.6 million in the six months ended June 30, 2020.

Profit for the period

As a result of the foregoing, our net profit increased by 29.2% from RMB2.4 million in the six months ended June 30, 2019 to RMB3.1 million in the six months ended June 30, 2020. We recorded relatively small net margin of 4.3% and 5.2% in the six months ended June 30, 2019 and 2020, respectively, primarily because we recognized tax loss in the six months ended June 30, 2019, and we incurred listing expenses of RMB8.2 million in the six months ended June 30, 2020.

Adjusted net profit (non-HKFRS measure)

Our adjusted net profit was RMB2.4 million and RMB11.3 million in the six months ended June 30, 2019 and 2020, respectively. Our adjusted net margin, a non-HKFRS measure, was 4.3% and 19.2% in the six months ended June 30, 2019 and 2020, respectively.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our revenue increased by 23.5% from RMB120.6 million in 2018 to RMB149.0 million in 2019, primarily driven by (1) the increase in our revenue from IT solutions for financial institutions from RMB109.7 million to RMB127.0 million, (2) the increase in our revenue from IT solutions for healthcare institutions from nil to RMB12.3 million, partially offset by the decrease in our revenue from IT solution for other enterprises from RMB10.9 million to RMB9.7 million, during the same period.

- *IT solutions for financial institutions.* Our revenue generated from IT solutions for financial institutions increased by 15.8% from RMB109.7 million in 2018 to RMB127.0 million in 2019, primarily due to (1) our enhanced efforts in developing and marketing our software-driven solutions for financial institutions, evidenced by the increase in the number of our finance IT solution contracts from 187 in 2018 to 245 in 2019, (2) a growing demand from financial institutions for over-the-counter bond bookkeeping system, distributed trading platform and RPA solution, evidenced by the increase in the revenue contribution from the respective IT solutions from RMB2.4 million in 2018 to RMB8.5 million in 2019, from nil in 2018 to RMB5.4 million in 2019, and from RMB7.4 million in 2018 to RMB16.0 million in 2019, respectively, and (3) a growing demand from our enlarging customer base to adapt to their new business scenarios and regulatory requirements.

- *IT solutions for healthcare institutions.* Our revenue generated from IT solutions for healthcare institutions increased from nil in 2018 to RMB12.3 million in 2019, primarily due to (1) increased sales of our healthcare IT solutions following the launch of our first healthcare IT solution, namely the medical quality control and safety warning system, in November 2018, and (2) our enhanced efforts to promote our healthcare IT solutions in response to the growing demand from healthcare institutions to improve healthcare quality, evidenced by the increase in the number of our healthcare IT solution contracts from one in 2018 to 37 in 2019.

- *IT solutions for other enterprises.* Our revenue generated from IT solutions for other enterprises decreased by 11.0% from RMB10.9 million in 2018 to RMB9.7 million in 2019, primarily because we strategically focused on the business expansion of our IT solutions for financial institutions and healthcare institutions, and allocated more resources in the corresponding research and development and market expansion.

Cost of sales

Our cost of sales increased by 20.7% from RMB62.8 million in 2018 to RMB75.8 million in 2019, which reflected the growth of our business and was generally in line with the increase in our revenue during the same periods. The increase was primarily due to (1) the increase in our staff costs related to employees directly involved in our project execution from RMB54.3 million to RMB64.4 million to support our business expansion, (2) the increase in our travel costs from RMB1.9 million to RMB3.9 million, and (3) the increase in depreciation and amortization costs primarily related to our office furniture and equipment and office renovation from RMB3.7 million to RMB5.0 million, during the same period.

- *IT solutions for financial institutions.* Our cost of sales related to IT solutions for financial institutions increased by 10.9% from RMB58.5 million in 2018 to RMB64.9 million in 2019, primarily due to (1) the increase in the manpower involved for the technology and software development of IT solutions for financial institutions, evidenced by the increase in the staff costs for our technical staff allocated to the project execution for our projects related to IT solutions for financial institutions from RMB50.3 million in 2018 to RMB55.1 million in 2019, and (2) the increase in our travel costs as we continued to expand our customer base through on-site pitching and business discussion with potential customers, during the same period.

- *IT solutions for healthcare institutions.* Our cost of sales related to IT solutions for healthcare institutions increased from nil in 2018 to RMB5.9 million in 2019, primarily due to the increase in the manpower involved for the technology and software development of IT solutions for healthcare institutions, which was generally in line with the launch and expansion of our business of healthcare IT solutions. The staff costs for our technical staff allocated to the project execution for our projects related to IT solutions for healthcare institutions increased from nil in 2018 to RMB4.6 million in 2019.

- *IT solutions for other enterprises.* Our cost of sales related to IT solutions for other enterprises increased by 19.0% from RMB4.2 million in 2018 to RMB5.0 million in 2019, primarily due to the increase in the manpower involved for the technology and software development of IT solutions for other enterprises, evidenced by the increase in the staff costs for our technical staff allocated to the project execution for our projects related to IT solutions for other enterprises from RMB4.0 million in 2018 to RMB4.6 million in 2019.

Gross profit and gross margin

As a result of the foregoing, our gross profit increased by 26.6% from RMB57.8 million in 2018 to RMB73.2 million in 2019. Our gross margin increased from 47.9% in 2018 to 49.1% in 2019.

- *IT solutions for financial institutions.* Our gross margin for IT solutions for financial institutions increased from 46.6% in 2018 to 48.9% in 2019, primarily because we improved our employees' productivity and optimized our workforce staffing by cross selling IT solutions to existing customers and allocating technical staff responsible for the existing contracts of the customers to the new contracts for the same customers.

- *IT solutions for healthcare institutions.* Our gross margin for IT solutions for healthcare institutions was 51.8% in 2019.

- *IT solutions for other enterprises.* Our gross margin for IT solutions for other enterprises decreased from 61.1% in 2018 to 48.2% in 2019. Our relatively high gross margin in 2018 was caused by the increased sales of our software products, which generally have a higher profit margin than our other products and services, namely our software development services and technical and maintenance services. Our gross margin for IT solutions for other enterprises decreased from 2018 to 2019 was also because we provided more software development services for other enterprises in 2019, which generally have lower gross margin than software sales. The business scale of our IT solutions for other enterprises is relatively small as we strategically focused on IT solutions for financial institutions and healthcare institutions and thus the profit margin of a single or several contracts are more likely to cause fluctuations of the overall profit level of our IT solutions for other enterprises.

Other income and gains

Other income and gains increased significantly from RMB0.4 million in 2018 to RMB1.9 million in 2019, primarily due to an increase in value-added tax refunds received from the PRC government.

Selling and distribution expenses

Our selling and distribution expenses increased significantly from RMB3.2 million in 2018 to RMB6.5 million in 2019, primarily due to an increase in employee-related expenses of RMB3.1 million as a result of an increase in headcounts of our sales and marketing staff from 23 as of December 31, 2018 to 32 as of December 31, 2019 to support our business expansion.

Administrative expenses

Our administrative expenses increased by 65.1% from RMB8.3 million in 2018 to RMB13.7 million in 2019, primarily due to the listing expenses of RMB5.2 million we incurred in 2019.

Research and development expenses

Our research and development expenses increased by 36.2% from RMB10.5 million in 2018 to RMB14.3 million in 2019, primarily due to an increase in our employee-related expenses of RMB2.1 million as we increased our investment in research and development activities and allocated more technical staff for our research and development work, primarily including the development and upgrade of our RPA solution and innovative healthcare IT solutions. The staff allocation in our technical team for research and development work varies from month to month based on our business needs. See "– Key Components of Our Results of Operations – Research and Development Expenses" and "Business – Employees."

Other expenses

Other expenses increased significantly from RMB0.1 million in 2018 to RMB1.2 million in 2019, mainly reflecting (1) the increase in the allowance for doubtful accounts related to our trade receivables aged more than one year, and (2) the donation expenses we incurred in 2019 in relation to our donation made to Beijing Jiaotong University.

Finance costs

Finance costs increased by 83.3% from RMB0.6 million in 2018 to RMB1.1 million in 2019, mainly reflecting (1) the increase in the interest expenses related to our lease liabilities, and (2) the increase in the interest expenses as a result of our increased interest-bearing bank borrowings.

Profit before tax

As a result of the foregoing, our profit before tax increased by 7.9% from RMB35.4 million in 2018 to RMB38.2 million in 2019.

Income tax expenses

Our income tax expenses increased by 18.6% from RMB4.3 million in 2018 to RMB5.1 million in 2019, primarily due to an increase in our taxable income driven by the growth of our business.

Profit for the year

As a result of the foregoing, our net profit increased by 6.4% from RMB31.1 million in 2018 to RMB33.1 million in 2019. Our net margin slightly decreased from 25.8% in 2018 to 22.2% in 2019, primarily due to the listing expenses of RMB5.2 million we incurred in 2019.

Adjusted net profit (non-HKFRS measure)

Our adjusted net profit was RMB31.1 million and RMB38.3 million in 2018 and 2019, respectively. Our adjusted net margin, a non-HKFRS measure, was 25.8% and 25.7% in 2018 and 2019, respectively.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Revenue

In 2017 and 2018, we generated revenue from the provision of IT solutions for financial institutions and other enterprises. We were in the development stage for our IT solutions for healthcare institutions, and therefore did not generate revenue from IT solutions for healthcare institutions in 2017 and 2018. We launched our first healthcare IT solution, namely the medical quality control and safety warning system, in November 2018.

Our revenue increased significantly from RMB21.1 million in 2017 to RMB120.6 million in 2018, primarily driven by (1) the increase in our revenue from IT solutions for financial institutions from RMB20.7 million to RMB109.7 million, and (2) the increase in our revenue from IT solution for other enterprises from RMB0.4 million to RMB10.9 million, during the same period.

- *IT solutions for financial institutions.* Our revenue generated from IT solutions for financial institutions increased significantly from RMB20.7 million in 2017 to RMB109.7 million in 2018, primarily due to our successful market expansion and customer acquisition in 2018, evidenced by the increase in the number of our finance IT solution contracts from 79 in 2017 to 187 in 2018, along with the introduction and commercialization of many of our IT solutions for financial institutions.

- *IT solutions for other enterprises.* Our revenue generated from IT solutions for other enterprises increased significantly from RMB0.4 million in 2017 to RMB10.9 million in 2018, primarily due to (1) the launch of more software-driven solutions for other enterprises as a result of our continuous research and development efforts and our enhanced technological capabilities, and (2) successful promotion and increased market acceptance of our IT solutions for other enterprises, evidenced by the increase in the number of our contracts related to IT solutions for other enterprises from two in 2017 to nine in 2018.

Cost of sales

Our cost of sales increased significantly from RMB12.2 million in 2017 to RMB62.8 million in 2018, which reflected the growth of our business and was generally in line with the increase in our revenue. The increase was primarily due to (1) the increase in our staff costs related to employees directly involved in our project execution from RMB8.9 million to RMB54.3 million to support our business expansion, (2) the increase in depreciation and amortization costs primarily related to our office furniture and equipment and office renovation from RMB1.2 million to RMB3.7 million, and (3) the increase in our travel costs from RMB0.2 million to RMB1.9 million, during the same period.

- *IT solutions for financial institutions.* Our cost of sales related to IT solutions for financial institutions increased significantly from RMB12.1 million in 2017 to RMB58.5 million in 2018, primarily due to (1) the increase in the manpower involved for the technology and software development of IT solutions for financial institution, evidenced by the increase in the staff costs for our technical staff allocated to the project execution for our projects related to IT solutions for financial institutions from RMB8.8 million in 2017 to RMB50.3 million in 2018 to support our rapid business expansion, and (2) the increase in travel costs as we expanded our customer base to more geographical regions in China in 2018 as compared to 2017.

- *IT solutions for other enterprises.* Our cost of sales related to IT solutions for other enterprises increased significantly from RMB0.1 million in 2017 to RMB4.2 million in 2018, primarily due to (1) the increase in manpower involved for the technology and software development of IT solutions for other enterprises, evidenced by the increase in the staff costs for our technical staff allocated to the project execution for our projects related to IT solutions for other enterprises from RMB0.1 million in 2017 to RMB4.0 million in 2018, and (2) the increase in travel costs as we expanded our customer base to more geographical regions in China in 2018 as compared to 2017.

Gross profit and gross margin

As a result of the foregoing, our gross profit increased significantly from RMB8.9 million in 2017 to RMB57.8 million in 2018. Our gross margin increased from 42.1% in 2017 to 47.9% in 2018.

- *IT solutions for financial institutions.* Our gross margin for IT solutions for financial institutions increased from 41.6% to 46.6% during the same period due to our optimization of cost structure along with our business growth. We optimized our cost structure by improving work efficiency of our employees through regular trainings, work allocation refining and performance assessment, and strengthening our internal management of reimbursement.

- *IT solutions for other enterprises*. Our gross margin for IT solutions for other enterprises was 71.0% in 2017 as our business was at an early stage in 2017 and the business scale was relatively small. Our gross margin for IT solutions for other enterprises was 61.1% in 2018 due to our successful market expansion and customer acquisition in 2018 along with the increased costs for our projects.

Other income and gains

Other income and gains remained stable in 2017 and 2018.

Selling and distribution expenses

Our selling and distribution expenses increased significantly from RMB0.6 million in 2017 to RMB3.2 million in 2018, primarily due to (1) an increase in employee-related expenses of RMB1.7 million as a result of an increase in the headcounts of our sales and marketing staff from 12 as of December 31, 2017 to 23 as of December 31, 2018 to support our business expansion, and (2) an increase in general operation expenses and travel expenses of RMB0.6 million, driven by our efforts to promote our solutions and enhance our brand recognition.

Administrative expenses

Our administrative expenses increased significantly from RMB3.7 million in 2017 to RMB8.3 million in 2018, primarily due to (1) an increase in employee-related expenses of RMB3.7 million as a result of an increase in the headcounts of our administrative staff from 33 as of December 31, 2017 to 40 as of December 31, 2018, (2) an increase in travel expenses of RMB0.8 million, in line with our business growth, and (3) an increase in general operation expenses of RMB0.2 million.

Research and development expenses

Our research and development expenses increased significantly from RMB3.2 million in 2017 to RMB10.5 million in 2018, primarily due to an increase in our employee-related expenses of RMB6.3 million as we increased our investment in research and development activities and allocated more technical staff for our research and development work, primarily including the development and upgrade of our over-the-counter bond bookkeeping system, unified payment platform system, RPA solution and innovative healthcare IT solutions. The staff allocation in our technical team for research and development work varies from month to month based on our business needs. See "– Key Components of Our Results of Operations – Research and Development Expenses" and "Business – Employees."

Other expenses

Other expenses increased significantly from RMB18,000 in 2017 to RMB0.1 million in 2018, mainly reflecting the increase in the allowance for doubtful accounts related to our trade receivables aged more than one year.

Finance costs

Finance costs increased significantly from RMB0.2 million in 2017 to RMB0.6 million in 2018, mainly reflecting the increase in the interest expenses related to our lease liabilities.

Profit before tax

As a result of the foregoing, our profit before tax increased significantly from RMB1.6 million in 2017 to RMB35.4 million in 2018.

Income tax expenses

Our income tax expenses increased significantly from RMB63,000 in 2017 to RMB4.3 million in 2018, primarily due to an increase in our taxable income driven by the growth of our business.

Profit for the year

As a result of the foregoing, our net profit increased significantly from RMB1.5 million in 2017 to RMB31.1 million in 2018. Our net margin increased significantly from 7.3% in 2017 to 25.8% in 2018 as we improved our cost structure following our expansion.

Adjusted net profit (non-HKFRS measure)

Our adjusted net profit was RMB1.5 million and RMB31.1 million in 2017 and 2018, respectively. Our adjusted net margin, as non-HKFRS measure, was 7.3% and 25.8% in 2017 and 2018, respectively.

DISCUSSION OF CERTAIN ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
NON-CURRENT ASSETS				
Right-of-use assets	5,379	17,176	13,354	11,160
Intangible assets	402	3,217	11,140	13,332
Property and equipment	2,596	3,746	3,030	2,776
Long-term deposits	488	1,819	1,450	1,450
Contract assets	–	934	795	803
Deferred tax assets	–	–	128	335
Total non-current assets	8,865	26,892	29,897	29,856
CURRENT ASSETS				
Trade receivables	3,798	70,037	72,289	99,055
Contract assets	6,785	7,731	22,635	29,050
Prepayments, deposits and other receivables	1,437	2,403	4,697	7,173
Cash and cash equivalents	25,090	15,515	57,339	22,669
Amounts due from related parties	331	1,110	2,232	–
Pledged deposits	–	–	15	15
Amounts due from shareholders	–	–	56,014	–
Total current assets	37,441	96,796	215,221	157,962
CURRENT LIABILITIES				
Other payables and accruals	10,652	20,348	3,879	7,032
Lease liabilities	1,242	3,458	2,111	1,583
Contract liabilities	922	4,241	1,500	328
Trade payables	1,781	4,513	897	14
Tax payable	63	2,406	2,578	552
Amounts due to shareholders	–	–	37,000	–
Total current liabilities	14,660	34,966	47,965	9,509
NET CURRENT ASSETS	22,781	61,830	167,256	148,453
TOTAL ASSETS LESS CURRENT LIABILITIES	31,646	88,722	197,153	178,309
NON-CURRENT LIABILITIES				
Lease liabilities	2,485	13,438	10,256	8,412
Total non-current liabilities	2,485	13,438	10,256	8,412
Net assets	29,161	75,284	186,897	169,897
EQUITY				
Equity attributable to owners of the parent				
Share capital	–	–	4	4
Reserves	29,161	75,284	185,386	168,385
	29,161	75,284	185,390	168,389
Non-controlling interests	–	–	1,507	1,508
Total equity	29,161	75,284	186,897	169,897

Right-of-Use Assets

Our right-of-use assets primarily consisted of leased properties. We had right-of-use assets of RMB5.4 million, RMB17.2 million, RMB13.4 million and RMB11.2 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The increase of our right-of-use assets from December 31, 2017 to December 31, 2018 was primarily due to our lease of more properties to support our business growth. The decrease of our right-of-use assets from December 31, 2018 to June 30, 2020 was primarily due to the depreciation of the right-of-use assets.

Intangible Assets

Our intangible assets primarily consisted of software we purchased from third parties to enhance our service quality and operational efficiency, and development cost. We had intangible assets of RMB0.4 million, RMB3.2 million, RMB11.1 million and RMB13.3 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The increase in our intangible assets was primarily due to the increased software purchase from third parties and capitalized development costs, which was generally in line with our business growth during the Track Record Period.

The deferred development costs refer to the expenditure incurred on projects to develop software which are used to provide services or goods to customers. The capitalised development costs will be amortised on the straight-line basis over its estimated useful life of not more than three years, commencing from the date when the software is put into commercial use.

The development costs not yet available for use is tested for impairment at the end of each reporting period. An impairment exists when the carrying value of development costs exceeds its recoverable amount. The recoverable amount of the development costs has been determined by using the value in use based on the expected future cash flows from the cash-generating unit to which the asset is allocated. The discount rate and profit margin are the key parameters. The discount rate is determined based on current market assessments of the time value of money and the risks specific to the asset. The profit margin is determined based on the historical experience of similar products. The key parameters used in the impairment testing are as follows:

	December 31, 2019	June 30, 2020
Profit margin	47%	37%
Discount rate	20%	22%

Sensitivity analysis

As at December 31, 2019 and June 30, 2020, the estimated recoverable amount of the cash-generating unit exceeded its carrying value by RMB11.3 million and RMB5.2 million, respectively. The Directors believed that no reasonably possible change in any of the above key assumptions would cause the carrying value of the cash-generating unit to exceed its recoverable amount.

The decrease of the profit margin by 23% and 12% to assumptions used in the impairment review would have, in isolation, led to the cash-generating units' recoverable amount to be equal to its carrying value as at December 31, 2019 and June 30, 2020, respectively.

Property and Equipment

Our property and equipment primarily consisted of electronic equipment and furniture, leasehold improvements, and construction in progress. We had property and equipment of RMB2.6 million, RMB3.7 million, RMB3.0 million and RMB2.8 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The following table sets forth the components of our property and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Electronic equipment and furniture	961	868	1,188	1,071
Leasehold improvements	1,635	963	1,842	1,705
Construction in progress	–	1,915	–	–
Total	2,596	3,746	3,030	2,776

The increase of our property and equipment from December 31, 2017 to December 31, 2018 primarily reflected the fees for our office renovation. The decrease of our property and equipment from December 31, 2018 to June 30, 2020 primarily reflected depreciation relating to our leasehold improvements.

Contract Assets

Contracts assets represented our right to the consideration in exchange for goods and services transferred to our customers. Contract assets are initially recognized for revenue earned from our software development services as the receipt of consideration is conditional on the successful acceptance by our customers. Contract assets with a collection period over one year based on the contract terms are classified as non-current assets. During the Track Record Period, the payment installments for certain of our contracts with our customers were scheduled to have the last installment of payments become due one year after the acceptance and final testing of our solutions, and we categorize such parts as non-current contract assets. Upon completion of the contracts and acceptance by our customers, the amounts recognized as contract assets are reclassified to trade receivables. We had contract assets of RMB6.8 million, RMB8.7 million, RMB23.4 million and RMB29.9 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The increase in our contract assets was generally in line with our business growth during the Track Record Period.

The following table sets forth the components of our contract assets as of the dates indicated.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Contract assets	6,798	8,677	23,488	30,114
Impairment	(13)	(12)	(58)	(261)
Total	6,785	8,665	23,430	29,853
Analyzed into:				
Current portion	6,785	7,731	22,635	29,050
Non-current portion	–	934	795	803

The increase of our contract assets from RMB23.4 million as of December 31, 2019 to RMB29.9 million as of June 30, 2020 was because our project progress is generally slow in the first half of a year as our customers are generally focused on their internal project and budget planning during the first quarter of a year and the project progress is also impacted by the Spring Festival and the COVID-19 outbreak for the first quarter of 2020. Some of our major customers tend to enter into contracts with us and/or conduct the inspection and other procedures for acceptance of our services under many contracts entered into with us in the fourth quarter of a year due to their internal procurement procedures and approval and payment process. See "— Key Factors Affecting Our Results of Operations — Seasonality."

The following table sets forth the expected timing of recovery or settlement for contract assets as of the dates indicated.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Within one year	6,785	7,731	22,635	29,050
More than one year	–	934	795	803
Total	6,785	8,665	23,430	29,853

The following table sets forth the number of our contract assets turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
Contract assets turnover days(1)	59	23	39	79

Note:

(1) Contract assets turnover days was calculated based on the average of opening and closing balance of contract assets for the relevant period, divided by the revenue for the same period, and multiplied by the number of days in that period.

Our contract assets turnover days decreased from 59 days in 2017 to 23 days in 2018, primarily because the growth rate of our contract assets was less than that of our revenue during the same period. Our contract assets turnover days increased from 23 days in 2018 to 39 days in 2019, primarily because the growth rate of our contract assets was greater than that of our revenue during the same period. Our contract assets turnover days increased from 39 days in 2019 to 79 days in the six months ended June 30, 2020, primarily because the growth rate of our contract assets was greater than that of our revenue during the same period. Specifically, the increase in our contract assets turnover days in the six months ended June 30, 2020 was primarily due to the increase of our contract assets during the same period. The increase was because our project progress is generally slow in the first half of a year as our customers are generally focused on their internal project and budget planning during the first quarter of a year and the project progress is also impacted by the Spring Festival and the COVID-19 outbreak for the first quarter of 2020, as discussed above.

As of the Latest Practicable Date, RMB6.8 million, or 100.0% of our contract assets as of December 31, 2017 was reclassified as trade receivables and settled. As of the Latest Practicable Date, RMB8.6 million, or 98.9% of our contract assets as of December 31, 2018 was reclassified as trade receivables, among which RMB7.7 million was settled. As of the Latest Practicable Date, RMB11.2 million, or 47.9% of our contract assets as of December 31, 2019 was reclassified as trade receivables, among which RMB4.8 million was settled. As of the Latest Practicable Date, RMB8.8 million, or 29.4% of our contract assets as of June 30, 2020 was reclassified as trade receivables, among which RMB5.1 million was settled. We reclassify contract assets as trade receivables based on the progress of each project. We recognize trade receivables only when our right to an amount of consideration becomes unconditional (i.e., only the passage of time is required before payment of the consideration is due). As of the Latest Practicable Date, we reclassified 29.4% of our contract assets as of June 30, 2020 as trade receivables because for the rest of our contract assets as of June 30, 2020, the payment of consideration for the relevant projects were still subject to certain conditions, for example, customers' written inspection and acceptance record, based on project progress. Our project progress is generally slow in the first half of a year as our customers are generally focused on their internal project and budget planning during the first quarter of a year and the project progress is also impacted by the Spring Festival and the COVID-19 outbreak for the first quarter of 2020.

We have considered HKFRS 15.56 to estimate the variable considerations to be recognized at end of each period during the Track Record Period. All the contract assets as of December 31, 2019 and June 30, 2020 were supported by valid contracts and most of our customers are reputable and creditworthy. We maintain continuous communication with our customers and close monitoring on our project development, and neither have we found any indicators of cancelled service contracts nor received any requests for service fee reductions.

Contract assets are reclassified to trade receivables when customer inspection is completed. The low subsequent reclassification as of December 31, 2019 and June 30, 2020 is due to the delays in our customers' internal processes during the COVID-19 outbreak. We do not expect any issues on our project development or results of inspections.

Trade Receivables

Our trade receivables primarily represented the outstanding invoiced values for software development services, technical and maintenance services and software sales receivables from our customers. Our trade receivables amounted to RMB3.8 million, RMB70.0 million, RMB72.3 million and RMB99.1 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The increase in our trade receivables during the Track Record Period primarily reflected the growth of our business during the Track Record Period.

The following table sets forth the components of our trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Trade receivables	3,803	70,169	73,230	101,026
Impairment	(5)	(132)	(941)	(1,971)
Total	3,798	70,037	72,289	99,055

The impairment of our trade receivables increased from RMB5,000 as of December 31, 2017 to RMB0.1 million as of December 31, 2018 and further to RMB0.9 million as of December 31, 2019 and RMB2.0 million as of June 30, 2020, primarily due to the increase in our trade receivables aged more than one year during the Track Record Period. We assess the recoverability of trade receivables and perform impairment analysis at each reporting date using a loss rate approach to measure expected credit losses. The loss rates are based on groupings of various customer segments with similar loss patterns (i.e., customer type and rating). We develop loss rate statistics on the basis of the amount expected to be written off over the life of the financial assets by reference to the credit rating of the customers, and also adjust these loss trends for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, we write off trade receivables when there is information indicating that the customer is in severe financial difficulty and there is no realistic prospect of future recovery.

We seek to maintain strict control over our outstanding trade receivables and have a credit control department to minimize the credit risk. Our overdue balances are reviewed regularly by our senior management and our sales and marketing staff closely follow up with our customers on payment status. See "Business — Sales and Marketing — Billing Management" for further details. In view of the aforementioned and the fact that our trade receivables relate to a number of large financial institutions and hospitals in the PRC, there is certain concentration of credit risk. We do not hold any collateral or other credit enhancements over our trade receivable balances. The following table sets forth an aging analysis of our trade receivables as of the dates indicated based on the date of recognition.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Within 90 days	3,798	59,248	33,368	23,125
91 to 180 days	–	5,316	15,912	26,761
181 days to one year	–	5,293	4,453	29,616
One year to two years	–	180	18,556	19,553
Total	3,798	70,037	72,289	99,055

We recorded our trade receivables aged over one year primarily from Customer b, which is a large and reputable customer with strong creditability. Customer b has longer internal payment and settlement process as compared with our other bank customers. For each of 2017, 2018, 2019 and the six months ended June 30, 2020, our revenue generated from Customer b amounted to approximately RMB5.4 million, RMB29.0 million, RMB23.9 million and RMB13.3 million, respectively, accounting for approximately 25.7%, 24.0%, 16.0% and 22.6% of our total revenue for the same periods, respectively. Based on our ongoing contracts, awarded projects, tendered projects and projects under negotiation, we estimate our revenue generated from Customer b will account for approximately 15.2% and 13.5% of our total revenue in 2020 and 2021, respectively. The decrease in expected percentages is mainly due to the expected increase in revenue contribution by our other customers, including our customers of healthcare institutions. In 2017, 2018, 2019 and the six months ended June 30, 2020, our average gross margin for IT solutions for Customer b amounted to approximately 48%, 34%, 35% and 37%, respectively. During the Track Record Period, we granted to Customer b the credit period ranging from 45 to 150 days, depending on contract terms. As of June 30, 2020, the trade receivables from Customer b was RMB6.8 million, RMB6.5 million, RMB13.2 million and RMB17.1 million for the aging period within 90 days, 91 to 180 days, 181 days to one year and one year to two years, respectively, accounting for 58.9%, 68.4%, 64.2% and 90.3% of our trade receivables from our bank customers with the same aging periods, respectively.

Customer b is in good business condition. As an A-share listed and state-owned national joint-stock commercial bank, Customer b was one of the top 60 banks in the world in terms of capital according to The Banker's Top 1000 World Banks ranking published in July 2020. Customer b recognized revenue of RMB23.6 billion in the first quarter of 2020, demonstrating a 20.9% increase from the first quarter of 2019. Customer b recognized net profit of RMB4.8 billion in the first quarter of 2020, demonstrating a 5.1% increase from the first quarter of 2019. Customer b has total assets of RMB3.2 trillion as of June 30, 2020, demonstrating an 8.1% increase from December 31, 2019.

During the Track Record Period, we recognized trade receivables after inspection and evaluation as we obtained the unconditional right to an amount of consideration according to the contracts we entered into with Customer b. Our projects with Customer b were generally more complex due to more stringent customization requirements of Customer b, the sophisticated technology involved and the needs of Customer b to implement our solutions at its different bank branches and multiple departments across various business lines to connect with numerous subsystems. Consequently, in practice, Customer b usually observed the software operation for six to 12 months before the final payment and settlement. It usually takes approximately 15 months for Customer b to complete the entire internal payment and settlement process.

As of the date of this prospectus, there was no rejection of our solutions or services by Customer b after their inspection and evaluation process and nor did Customer b express any dissatisfaction with our solutions or services.

We believe it is a normal business arrangement with such customer and there is no recoverability issue. According to the HKFRS, a financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. We did not write off the trade receivable balance from the customer, because there is reasonable expectation of recovering the contractual cash flows.

From July 31, 2020 to the Latest Practicable Date, we collected RMB20.0 million from Customer b. We will continue assign our sales and marketing staff to visit Customer b for face-to-face communication and also have our sales and marketing staff and business department follow up and make collection calls with Customer b. We had obtained written confirmation from Customer b in relation to its payment schedules of its outstanding trade receivables. From the Latest Practicable Date to December 31, 2020, we expect to collect a total of approximately RMB10.3 million from Customer b. For these parts of trade receivables, Customer b had completed the inspection and evaluation with official written confirmation so that we obtained the unconditional right to such amount of consideration according to the contracts we entered into with Customer b. After such collection and as of December 31, 2020, approximately RMB21.2 million or 89.8% of our trade receivables as of December 31, 2018 is expected to be settled, approximately RMB29.8 million or 81.0% of our trade receivables as of December 31, 2019 is expected to be settled and approximately RMB27.2 million or 60.7% of our trade receivables as of June 30, 2020 is expected to be settled. Assume such receivables from Customer b are settled as scheduled, the trade receivable turnover days of the Group as of June 30, 2020 would be approximately 223 days. It was especially difficult for us to collect outstanding trade receivables from Customer b in the first half of 2020 as Customer b had its employees working remotely during the COVID-19 outbreak while on-site approval by Customer b's person in charge is required before making payment to us, which extended the internal payment process.

The Sole Sponsor had conducted the following due diligence work in respect of Customer b's payment cycle.

(1) reviewed the meeting minutes with Customer b in respect of the payment of the outstanding sum under the contracts entered into between the Company and Customer b;

(2) reviewed the contracts entered into between the Company and Customer b, in particular the payment terms and the services and products been provided to Customer b by the Company;

(3) conducted due diligence interview with Customer b in November 2019, and February, June and September 2020;

(4) conducted background search on Customer b in February and June 2020;

(5) reviewed the annual reports and quarterly reports of Customer b;

(6) conducted public search on Customer b to understand its background, reputation and market position;

(7) discussed the payment cycle with the Independent Auditor and Reporting Accountants and the management team of the Company;

(8) reviewed the official written confirmation of Customer b for their inspection and evaluation for the contracts with trade receivables; and

(9) obtained the written meeting minutes for the face-to-face communication between the Company and Customer b's general managers, directors and project managers of the compliance department.

Having conducted the above independent due diligence steps as set forth above and discussed with the Independent Auditor and Reporting Accountants, the Sole Sponsor is of the view there are no material issues in respect of Customer b's payment cycle and its credibility.

The following table sets forth an aging analysis of our trade receivables by types of customers as of the dates indicated based on the date of recognition.

	As of December 31, 2017			
	Within 90 days	91 to 180 days	181 days to one year	One year to two years
	(RMB in thousands)			
Financial institutions	3,798	–	–	–
Banks	1,990	–	–	–
Trust companies	707	–	–	–
Asset management companies	–	–	–	–
Other financial institutions	1,101	–	–	–
Healthcare institutions	–	–	–	–
Hospitals	–	–	–	–
Other healthcare institutions	–	–	–	–
Other enterprises	–	–	–	–
Enterprises in the IT industry	–	–	–	–
Logistics companies	–	–	–	–
Others	–	–	–	–
Total	3,798	–	–	–

	As of December 31, 2018			
	Within 90 days	91 to 180 days	181 days to one year	One year to two years
	(RMB in thousands)			
Financial institutions	51,732	5,316	5,293	180
Banks	26,521	4,502	1,385	44
Trust companies	2,793	–	165	–
Asset management companies	1,778	–	–	–
Other financial institutions	20,640	814	3,743	136
Healthcare institutions	–	–	–	–
Hospitals	–	–	–	–
Other healthcare institutions	–	–	–	–
Other enterprises	7,516	–	–	–
Enterprises in the IT industry	2,921	–	–	–
Logistics companies	–	–	–	–
Others	4,595	–	–	–
Total	59,248	5,316	5,293	180

	As of December 31, 2019			
	Within 90 days	91 to 180 days	181 days to one year	One year to two years
	(RMB in thousands)			
Financial institutions	31,034	15,812	4,453	17,984
Banks	19,522	12,066	2,976	17,844
Trust companies	4,581	1,003	564	140
Asset management companies	–	–	–	–
Other financial institutions	6,931	2,743	913	–
Healthcare institutions	1,427	100	–	–
Hospitals	1,074	100	–	–
Other healthcare institutions	353	–	–	–
Other enterprises	907	–	–	572
Enterprises in the IT industry	907	–	–	572
Logistics companies	–	–	–	–
Others	–	–	–	–
Total	33,368	15,912	4,453	18,556

	As of June 30, 2020			
	Within 90 days	91 to 180 days	181 days to one year	One year to two years
	(RMB in thousands)			
Financial institutions	21,302	25,606	27,992	19,553
Banks	11,550	9,508	20,545	18,941
Trust companies	4,334	3,698	3,694	537
Asset management companies	–	1,277	–	–
Other financial institutions	5,418	11,123	3,754	75
Healthcare institutions	–	–	739	–
Hospitals	–	–	518	–
Other healthcare institutions	–	–	221	–
Other enterprises	1,823	1,154	886	–
Enterprises in the IT industry	877	–	886	–
Logistics companies	–	1,154	–	–
Others	946	–	–	–
Total	23,125	26,760	29,617	19,553

As of December 31, 2017, 2018 and 2019 and June 30, 2020, 71.0%, 53.7%, 85.5% and 80.0% of our trade receivables as of the same date was from state-owned enterprises. Substantially all of the banks and hospitals that we cooperated with during the Track Record Period are among top-tier institutions in their respective industries.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated based on due date.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Current	3,755	58,461	47,995	31,564
Less than 6 months past due	43	9,847	5,201	47,846
6 to 12 months past due	–	1,677	18,369	3,419
Over 12 months past due	–	52	724	16,226
Total	3,798	70,037	72,289	99,055

The overdue amounts for the trade receivables less than 6 months past due and over 12 months past due increased significantly from December 31, 2019 to June 30, 2020, primarily because a significant portion of current trade receivables and trade receivables that were 6 to 12 months past due as of December 31, 2019 was deferred to June 30, 2020, as a result of the extended payment cycle of our customers during the COVID-19 outbreak and the seasonality of our project cycle. Many of our customers arranged their employees to work remotely during the COVID-19 outbreak, which extended the internal payment process. We recorded large amounts of our trade receivables as of December 31, 2019 and June 30, 2020 from large and reputable customers, which have strict and extensive internal payment process, and such process is generally extended in the first half of a year as our customers are focused on their internal project and budgeting planning during the first quarter of a year.

During the Track Record Period, we had overdue balances primarily from large and reputable customers with strong creditability, which had strict and extensive internal payment and settlement process leading to longer payment cycle. We believe we have normal business arrangements with such customers and there is no recoverability issue. According to the HKFRS, a financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. We did not write off any trade receivable balance from such large and reputable customers based on our assessment of the recoverability of them.

The following table sets forth the number of our trade receivables turnover days and trade receivables and contract assets turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
Trade receivables turnover days(1)	33	112	174	265
Trade receivables turnover days without considering Customer b(2)	38	99	121	184
Trade receivables and contract assets turnover days(3)	92	135	214	346

Notes:

(1) Trade receivables turnover days was calculated based on the average of opening and closing balance of trade receivables for the relevant period, divided by the revenue for the same period, and multiplied by the number of days in that period.

(2) Trade receivables turnover days without considering Customer b was calculated based on the average of opening and closing balance of trade receivables without considering Customer b for the relevant period, divided by the revenue without considering Customer b for the same period, and multiplied by the number of days in that period.

(3) Trade receivables and contract assets turnover days was calculated based on the average of opening and closing balance of trade receivables and contract assets for the relevant period, divided by the revenue for the same period, and multiplied by the number of days in that period.

Our trade receivables turnover days increased from 33 days in 2017 to 112 days in 2018, to 174 days in 2019, and further to 265 days in the six months ended June 30, 2020, and trade receivables and contract assets turnover days increased from 92 days in 2017 to 135 days in 2018, to 214 days in 2019, and further to 346 days in the six months ended June 30, 2020, primarily due to (1) the increases in our revenue, contract assets and trade receivables, (2) the balance of our contract assets and trade receivables at the beginning of 2017 were relatively low as our business was at a preliminary stage in 2017, and (3) a higher proportion of our revenue were derived from large and reputable customers, which had strict and extensive internal payment and settlement process. The increase of the turnover days in 2019 to the six months ended June 30, 2020 was also because (1) many of our customers tend to conduct the inspection and other procedures for acceptance of our services under many contracts entered into with us in the fourth quarter of a year due to their internal approval and payment process, which generally leads to a relatively large amount of trade receivables recorded in the first quarter of the following year, (2) the COVID-19 outbreak in the first half of 2020 led to extended internal process and payment cycle of our customers, and (3) the revenue generated in the first quarter is generally lower as compared to the other three quarters as we generally have a relatively small number of contracts in the first quarter of a year due to the seasonality of our project cycle. Therefore, the annualized revenue used in the calculation of turnover days is relatively low, leading to longer turnover days for the six months ended June 30, 2020. See "— Key Factors Affecting Our Results of Operations — Seasonality." We recorded a large amount of trade receivables from certain customers with whom we have maintained a long-term business relationship, primarily including top-tier banks, trust companies, asset management companies and Class III Grade A hospitals, which are in good standing and have strong creditworthiness and bargaining power. Such customers generally need to go through a time-consuming internal approval process before they make payments to us, which leads to a long payment cycle of such customers. Although a large amount of our trade receivables was recorded from large and reputable customers with whom we had a long-term business relationship, the overall proportion of large and reputable customers increased, leading to extended trade receivables turnover days from 2018 to 2019 and further to the six months ended June 30, 2020. In addition, with our business expansion and proven track record of successful project execution, we also obtained more engagements with higher contract price from large customers who previously engaged us, which also contributed to the increase in our trade receivables turnover days from 2018 to 2019 and further to the six months ended June 30, 2020 as such customers generally need to go through a more stringent approval and payment process for contracts with a high value. Based on our evaluation of the customers' creditworthiness and our past experience with the relevant customers, we may grant a longer credit period to certain customers.

We have also formulated credit management policy and have strictly followed and will continue to follow the steps and measures stipulated in our credit management policy to manage our receivables and maintain our working capital. As required under our credit management policies, our sales and marketing staff make collection calls to customers whose bills have been overdue for less than 90 days; for customers whose bills have been overdue for 90 days to 360 days, our sales and marketing staff escalate the matter to our business department and both our sales and marketing staff and our business department make collection calls to our customers; and for customer whose bills have been overdue for more than 360 days, we assign our sales and marketing staff to visit customers for face-to-face communication and also have our sales and marketing staff and business department continuously follow up and make collection calls to customers. To manage our receivables, we also plan to strengthen the cooperation of our technical team and sales and marketing team to conduct more efficient collection, and take into account the collection speed in the performance assessment of our employees. See "Risk Factors — Risks Relating to Our Business and Industry — We are exposed to credit risks of our customers and our outstanding trade receivables and trade receivables turnover days remained at a relatively high level during the Track Record Period."

As of the Latest Practicable Date, RMB3.8 million or 100.0% of our trade receivables as of December 31, 2017 and RMB67.3 million or 95.8% of our trade receivables as of December 31, 2018 was settled. As of the Latest Practicable Date, RMB43.6 million or 59.5% of our trade receivables as of December 31, 2019 and RMB47.7 million or 47.2% of our trade receivables as of June 30, 2020 was settled, primarily because we recorded large amounts of our trade receivables as of December 31, 2019 and June 30, 2020 from large and reputable customers, which have strict and extensive internal payment process, and such process is generally extended in the first half of a year as our customers are focused on their internal project and budgeting planning during the first quarter of a year and such progress is also impacted by the Spring Festival and the COVID-19 outbreak for the first quarter of 2020. The long trade receivables turnover days and relatively low subsequent settlement do not indicate that our customers were not satisfied with our products and services. We believe that the subsequent settlement of our trade receivables and contract assets as of June 30, 2020 reflects normal arrangement with our customers and there is no recoverability issue because such trade receivables and contract assets were recorded from large and reputable customers, such as state-owned enterprises, which are in good standing and have strong creditworthiness.

With regards to the recoverability of the trade receivables and the sufficiency of the working capital of the Group, the Sole Sponsor had conducted independent due diligence, including but not limited to: (1) conducted independent due diligence interviews with the Group's major customers during the period from November 2019 to December 2019, and in February and June 2020; (2) conducted background searches on the Group's major customers in February and June 2020; (3) reviewed the contracts entered into between the Group and its major customers and the material terms thereto; (4) discussed with the management of the Group and reviewed relevant credit management policies of the Group; (5) discussed with the management of the Group and the Independent Auditor and Reporting Accountant to understand the seasonality of the Group's business; (6) reviewed the indebtedness of the Group and the cash and cash equivalents of the Group was RMB22.7 million as of June 30, 2020; (7) reviewed the sensitivity analysis in view of the COVID-19 Outbreak which is set out in the section headed "Summary — Recent Developments — Sensitivity Analysis in View of the COVID-19 Outbreak"; and (8) discussed with the Group's industry consultant in relation to the payment procedures and credit term of entities having similar background and nature with that of the Group's major customers. Having conducted the abovementioned independent due diligence, the Sole Sponsor considers that nothing has come to its attention that there are any matters which will have a material adverse impact on the Group's recoverability of its trade receivables and working capital sufficiency.

Prepayments, Deposits and Other Receivables

We had prepayments, deposits and other receivables of RMB1.4 million, RMB2.4 million, RMB4.7 million and RMB7.2 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The increase in our prepayments, deposits and other receivables from December 31, 2017 to December 31, 2018, to December 31, 2019, and further to June 30, 2020 was primarily due to increases in prepayments of office-related expenses, deposits for project tendering and capitalization of certain listing expenses incurred in 2019 and the six months ended June 30, 2020. The following table sets forth the components of prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Prepayments	37	499	2,157	4,960
Deposits and other receivables	1,400	1,904	2,540	2,213
Total	1,437	2,403	4,697	7,173

Cash and Cash Equivalents

Our cash and cash equivalents primarily consisted of our cash and bank balances. The following table sets forth the components of our cash and cash equivalents as of the dates indicated.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Cash and bank balances	25,090	15,515	57,339	22,669
Denominated in				
– RMB	24,405	14,795	40,622	21,727
– US$	685	720	16,717	821
– HK$	–	–	–	121

Our cash and cash equivalents decreased from RMB57.3 million as of December 31, 2019 to RMB22.7 million as of June 30, 2020, along with our normal business operation.

Amounts Due from Shareholders

We had amounts due from shareholders of nil, nil, RMB56.0 million and nil as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The amounts due from shareholders as of December 31, 2019 represented capital contribution to be received from certain of our minority shareholders, which was settled in January 2020.

Other Payables and Accruals

Our other payables and accruals primarily consisted of salaries and welfare payables, other tax payable and other payables. We had other payables and accruals of RMB10.7 million, RMB20.3 million, RMB3.9 million and RMB7.0 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The following table sets forth the components of other payables and accruals.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Salaries and welfare payables	140	460	460	4,254
Other tax payables	345	2,061	2,198	924
Other payables	10,167	17,827	1,221	1,854
Total	10,652	20,348	3,879	7,032

Other payables represented payment received on behalf of a customer, a subsidiary of an A-share listed IT company identified as Customer a in "Business – Our Customers", which was incurred in the Track Record Period and settled in 2019. We and Customer a provided services as a package to a financial institution, a national joint-stock commercial bank identified as Customer b in "Business – Our Customers" during the Track Record Period. As we continued to serve Customer b after Customer a finished its part of services, we were designated by Customer b as the only receiving entity of the relevant consideration. Such payment arrangement was a one-off arrangement and was made on normal commercial terms and on an arm's length basis.

The payment arrangement was made in October 2017 when 29 management and technical personnel, including four project supervisors and five project managers, who were previously responsible for certain projects of Customer b, planned to leave Customer a and join our Group. Such management and technical personnel joined our technical team with an average of approximately 12 years of relevant industry experience in software development and project management for finance IT solutions. Pursuant to the agreement between Customer a and Customer b, Customer a is required to maintain a stable technical team for the relevant projects and a violation of such requirement will be considered as a default by Customer a. Customer a initiated communication with Customer b, and Customer b evaluated and recognized the qualification and execution capabilities of the responsible technical team of our Group through its internal procedure and required Customer a and us to make an arrangement with it to ensure stability and facilitate payment convenience. Therefore, the payment arrangement was adopted and we were designated by Customer b as the only receiving entity under the payment arrangement. We are generally required to maintain a stable technical team during the project execution under our contracts with our customers. As of the Latest Practicable Date, we had not violated such requirement under any of our contracts with customers. See "Business — Employees." See "Risk Factors — Risks Relating to Our Business and Industry — Our business depends substantially on the continuing efforts of our management and other key personnel, as well as a competent workforce that supports our existing operations and future growth. If we fail to attract, motivate and retain talents, our operations and growth prospects may be severely disrupted."

The relevant service package involves a total of 43 projects, for which Customer a finished its part of services in October 2017, which were subject to inspection and acceptance by Customer b, and we continued to serve Customer b under such projects after Customer a finished its part of services. The 43 projects are related to the development and upgrade of various business operation systems as well as maintenance services and technical support, for Customer b and its branches. For 16 of the 43 projects, the services required under such projects were not fully delivered when the payment arrangement was made and we continued to provide services after Customer a finished its part of services. For the remaining 27 projects, the services required under such projects were fully delivered by Customer a but such services were subject to inspection and acceptance of Customer b when the payment arrangement was made. As we are the only receiving entity designated by Customer b under the payment arrangement, Customer b makes payment to us for the services provided under the 43 projects after its inspection and acceptance and we then make payment to Customer a for its part of services involved. The payment arrangement did not provide a specific contract period and should exist until all of the 43 projects are fully delivered and the relevant payments are settled.

Pursuant to the relevant contract provisions, Customer b shall pay us the contract price in installments based on project milestones after it conducts inspection and provides forms of acceptance to us. The relevant contract provisions have also provided the respective payment amount to us and Customer a. The total amount that Customer b should pay under the payment arrangement is approximately RMB66.8 million, including approximately RMB43.5 million for Customer a's part of services and approximately RMB23.3 million for our part of services. As of the Latest Practicable Date, the services under the 43 projects were fully delivered, including (1) 28 projects, the payment for which was fully settled, and (2) 15 projects, the payment for which was not fully settled as such projects were subject to inspection and acceptance of Customer b or were undergoing Customer b's internal process for payment after its inspection and acceptance. Therefore, the payment arrangement was still in place as of the Latest Practicable Date and are expected to discontinue by June 30, 2021. As we provided services to Customer a and had trade receivables from it, we and Customer a agreed to settle our payables to Customer a under such payment arrangement by setting off an equivalent portion of our receivables from Customer a in 2019. The following table sets forth the transaction amount and fund flows in connection with the aforementioned payment arrangement during the Track Record Period.

	Payable to Customer a at year/period beginning	Payment received from Customer b on behalf of Customer a	Payment to Customer a	Amount of payable to Customer a offset by receivable from Customer a	Payable to Customer a at year/period end
			(RMB in thousands)		
2017	–	9,365	–	–	9,365
2018	9,365	21,180	12,872	–	17,673
2019	17,673	5,405	4,492	18,585	–
Six months ended June 30, 2020	–	–	–	–	–

During the six months ended June 30, 2020, as we did not receive payment from Customer b, we did not record payables to Customer a or made payment to Customer a.

The fluctuations in the amounts of payment received from Customer b on behalf of Customer a during the Track Record Period were because the amounts of such payment in a year depend on the inspection and payment progress of the relevant projects and the contract amount involved also varies from project to project.

The following table sets forth our revenue, gross profit and gross margin of projects involved in the payment arrangement for the period indicated.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	(RMB in thousands, except for percentages)				
Revenue	5,410	16,491	278	–	–
Gross Profit	2,156	8,147	137	–	–
Gross Margin	39.9%	49.4%	49.3%	–	–

The fluctuations in our revenue and gross profit of the projects involved in the payment arrangement during the Track Record Period was primarily because the contract amount recognized as revenue and gross profit varied from year to year depending on the inspection and payment progress of the projects involved during the relevant period and the contract amount involved also varies from project to project. The increase in our gross margin of the projects from 2017 to 2018 was primarily because along with our enlarged business scale, we improved our overall employees' productivity and optimized our workforce staffing in 2018 as compared to 2017, when our business was at a preliminary stage. There is no material difference between our gross margin of the projects involved in the payment arrangement and that of our other projects of similar service type.

The following table sets forth the details of amounts we received from Customer b under the payment arrangement for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
For our services	3,801	6,871	1,901	–
For services of Customer a	9,365	21,180	5,405	–
Total	13,166	28,051	7,306	–

As of June 30, 2020, the amount to be received from Customer b under the payment arrangement was RMB18.2 million, including RMB10.7 million for our services and RMB7.5 million for services of Customer a, representing 46.0% and 17.3% of the total amount that should be paid for our services and for services of Customer a under the payment arrangement, respectively. During the Track Record Period, we did not have any other similar joint arrangement with Customer a and/or other parties; and there was no other receipts/payments on behalf of any of our customers/suppliers.

There are no past or present relationships (business, employment, family, financing or otherwise) between each of Customer a and Customer b on the one hand, and our Company, its subsidiaries, their controlling shareholders, directors and senior management and their respective associates, on the other hand, except that (1) we entered into transactions with such customers in the ordinary course of business, (2) Mr. Zhai and Ms. QIAO Huimin used to work at Customer a and/or one of its subsidiaries, see "Directors and Senior Management – Board of Directors", (3) the controller of Customer a is also a shareholder in Beijing Guanruitong E-commerce Technology Co., Ltd., a company controlled by Mr. Zhai, and (4) Mr. Zhai sold his equity interests in Beijing UFC Co., Ltd., currently a subsidiary of Customer a, to Customer a in February 2008.

Trade Payables

Our trade payables primarily consisted of amounts payable for the purchase of software products, electronic equipment and technical support services for our business operations. We had trade payables of RMB1.8 million, RMB4.5 million, RMB0.9 million and RMB13,675 as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The increase of our trade payables from December 31, 2017 to December 31, 2018 was primarily due to our increased purchases for our business development. The decrease from December 31, 2018 to June 30, 2020 was primarily because we settled part of trade payables in the same period. During the Track Record Period, we did not incur significant purchase costs and due to such reason, our trade payables as of December 31, 2017, 2018 and 2019 and June 30, 2020 were relatively small as compared to our trade receivables as of the same dates. The following table sets forth an aging analysis of our trade payables as of the dates indicated based on the invoice date.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Within three months	144	2,321	841	–
Three to six months	–	555	14	–
Six months to one year	16	–	17	–
Over one year	1,621	1,637	25	14
Total	1,781	4,513	897	14

The following table sets forth the number of our trade payables turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
Trade payables turnover days(1)	51	18	13	2

Note:

(1) Trade payables turnover days was calculated based on the average of opening and closing balance of trade payables for the relevant period, divided by the cost of sales for the same period, and multiplied by the number of days in that period.

As of the Latest Practicable Date, none of our trade payables as of June 30, 2020 was settled.

Amounts Due to Shareholders

We had amounts due to shareholders of nil, nil, RMB37.0 million and nil as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The amounts due to shareholders as of December 31, 2019 reflected borrowings from Mr. Zhai and Mr. Yuan, which were settled in January 2020.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our working capital requirements and research and development of software-driven solutions. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with cash generated from our operations and bank and other borrowings. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, bank loans and other borrowings, net proceeds from the Global Offering and other funds raised from the capital markets from time to time. Any significant decrease in the demand or market prices of our IT solutions, or a significant decrease in the availability of bank loans or other financing may adversely impact our liquidity. As of December 31, 2017, 2018 and 2019 and June 30, 2020, we had cash and cash equivalents of RMB25.1 million, RMB15.5 million, RMB57.3 million and RMB22.7 million, respectively. We have constantly improved our cash flow position by (1) maintaining strict control over our outstanding trade receivables and minimizing credit risk exposure; (2) implementing detailed polices covering reimbursement management, cash management, budget management and credit management; (3) constantly refining our fund management and detailing our use of fund; (4) improving employees' productivity through regular training and optimized staff allocation; and (5) obtaining bank facilities to supplement our working capital.

Specifically, our policy for reimbursement management was established to promote reasonable and effective use of funds, accelerate capital turnover, and conduct strict cost control for inter-city travel expenses, intra-city transportation expenses and other expenses. All the reimbursement applications must undergo procedures with various approval levels. Our policy for budget management was established to allocate, evaluate and control various financial and non-financial resources of all of our departments, so as to effectively organize and coordinate our production and operation activities to achieve our business goals. Based on our strategic goals and profit forecasts, we prepare our financial budget to plan for our capital operation, including potential capital acquisition and investment, considering our operation's result, income and expenditures. Our policy for cash management was established to strengthen our cash management and standardize cash settlement. We have set up comprehensive fund approval procedures and bank account management requirements. In addition, our finance department has specialists to deal with cash collection and payments, custody, inventory and budgeting, so as to manage the cash and account separately. Our policy for credit management was established to manage our bank loans. Our finance department prepares loan plans based on demands of our operating activities and obtain internal approvals before carrying out loan plans, for loans including credit loans, secured loans and mortgage loans.

As a result of practicing abovementioned measures and policies, we recorded positive cash flows from operating activities of RMB19.0 million[(a)] in the three months ended September 30, 2020, according to our management's accounts, as compared with the net cash flows used in operating activities of RMB28.1 million in the six months ended June 30, 2020, primarily due to (1) the increasing collection speed of our outstanding trade receivables resulted from our efforts and enhanced polices to manage and collect our trade receivables, evidenced by the decrease in our trade receivable turnover days from approximately 265 days in the six months ended June 30, 2020 to approximately 201 days in the three months ended September 30, 2020; and (2) the better financial results of the Group, with increased revenue and the net profit in the three months ended September 30, 2020 in comparison with those in the first and second quarter of 2020. In addition, our cash and cash equivalents balance increased from RMB22.7 million as of June 30, 2020 to RMB44.4 million as of September 30, 2020, according to our management's accounts. Going forward, we intend to further improve our cash flow position by constantly adopting the abovementioned measures. We experienced negative cash flows in operating activities during the Track Record Period and we financed our operations primarily through new bank loans, capital contribution from a non-controlling shareholder, capital contribution by the then shareholders of a subsidiary, capital contribution by shareholders of the Company, loans from shareholders and cash generated from operations. The following table provides quantitative information of new bank loans, capital contribution

(a) The cash flows from operating activities for the three months ended September 30, 2020 is calculated based on the unaudited interim condensed consolidated financial information for the nine months ended September 30, 2020 and the audited financial statements for the six months ended June 30, 2020. The unaudited interim condensed consolidated financial information for the nine months ended September 30, 2020 has been reviewed by our Reporting Accountants in accordance with the Hong Kong Standard on Review Engagement 2410 "Review on Interim Financial Information Performed by the Independent Auditor of the Entity."

from a non-controlling shareholder, capital contribution by the then shareholders of a subsidiary, capital contribution by shareholders of the Company and loans from shareholders.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	(RMB in thousands)				
New bank loans	–	–	30,000	–	–
Capital contribution from a non-controlling shareholder	–	–	1,500	1,500	–
Capital contribution by the then shareholders of a subsidiary	25,000	15,000	5,000	5,000	14,008
Capital contribution by shareholders of the Company	–	–	15,986	–	59,481
Loans from shareholders	–	–	37,000	3,800	–

Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	(RMB in thousands)				
Operating cash flows before movements in working capital	4,131	41,586	47,929	5,668	9,453
Changes in working capital	(1,040)	(55,572)	(43,760)	(22,898)	(33,568)
Interest received	33	82	128	38	100
Income tax paid	(23)	(1,944)	(5,078)	(1,880)	(3,810)
Interest element of rental payments	(186)	(563)	(1,138)	(401)	(300)
Net cash flows generated from/(used in) operating activities	2,915	(16,411)	(1,919)	(19,473)	(28,125)
Net cash flows used in investing activities	(3,405)	(5,300)	(10,562)	(669)	(3,474)
Net cash flows generated from/(used in) financing activities	21,595	12,104	54,293	8,188	(2,092)
Net increase/(decrease) in cash and cash equivalents	21,105	(9,607)	41,812	(11,954)	(33,691)
Cash and cash equivalents at beginning of the year/period	3,984	25,090	15,515	15,515	57,339
Effect of foreign exchange rate changes, net	1	32	12	–	(979)
Cash and cash equivalents at end of the year/period	25,090	15,515	57,339	3,561	22,669

Net Cash Flows Generated from/(Used in) Operating Activities

In the six months ended June 30, 2020, we had net cash used in operating activities of RMB28.1 million, primarily attributable to our profit before tax of RMB4.6 million minus income tax paid of RMB3.8 million, as adjusted by (1) the add-back of certain non-cash and non-operating items, primarily consisting of depreciation of right-of-use assets of RMB2.2 million relating to our leases and amortization of intangible assets of RMB1.3 million relating to software license, and (2) negative effect in working capital, primarily consisting of an increase in trade receivables of RMB27.8 million and an increase in contract assets of RMB6.6 million as a higher proportion of our revenue was derived from large and reputable customers, which had strict and extensive internal payment and settlement process, partially offset by an increase in other payables and accruals of RMB3.2 million primarily relating to the delay of the payment of social insurance premiums for our employees allowed by the relevant government policies during the COVID-19 outbreak, and a decrease in amounts due from related parties of RMB2.2 million.

In 2019, we had net cash used in operating activities of RMB1.9 million, primarily attributable to our profit before tax of RMB38.2 million minus income tax paid of RMB5.1 million, as adjusted by (1) the add-back of certain non-cash and non-operating items, primarily consisting of depreciation of right-of-use assets of RMB4.5 million relating to our leases, depreciation of property and equipment of RMB1.8 million relating to leasehold improvements, electronic equipment and furniture and amortization of intangible assets of RMB1.5 million relating to software license, and (2) negative effect in working capital, primarily consisting of a decrease in other payables and accruals of RMB16.5 million due to settlement of the payment received on behalf of a customer, an increase in contract assets of RMB14.8 million, an increase in trade receivables of RMB3.1 million as a higher proportion of our revenue were derived from large and reputable customers, which had strict and extensive internal payment and settlement process and a decrease in trade payables of RMB3.6 million, partially offset by a decrease in long-term deposits of RMB0.4 million.

In 2018, we had net cash used in operating activities of RMB16.4 million, primarily attributable to our profit before tax of RMB35.4 million minus income tax paid of RMB1.9 million, as adjusted by (1) the add-back of certain non-cash and non-operating items, primarily consisting of depreciation of right-of-use assets of RMB4.3 million relating to our leases and depreciation of property and equipment of RMB0.9 million relating to leasehold improvements, electronic equipment and furniture, and (2) negative effect in working capital, primarily consisting of an increase in trade receivables of RMB66.4 million as a higher proportion of our revenue were derived from large and reputable customers, which had strict and extensive internal payment and settlement process, an increase in contract assets of RMB1.9 million, an increase in long-term deposits of RMB1.3 million and an increase in prepayments, deposits and other receivables of RMB1.0 million, partially offset by an increase in other payables and accruals of RMB9.7 million primarily relating to payment received on behalf of a customer, an increase in contract liabilities of RMB3.3 million and an increase in trade payables of RMB2.7 million, primarily due to our increased purchases for our business development in 2018.

In 2017, we had net cash from operating activities of RMB2.9 million, primarily attributable to our profit before tax of RMB1.6 million minus income tax paid of RMB23,000, as adjusted by (1) the add-back of certain non-cash and non-operating items, primarily consisting of depreciation of right-of-use assets of RMB1.8 million and depreciation of property and equipment of RMB0.5 million relating to leasehold improvements, electronic equipment and furniture, and (2) negative effect in working capital, primarily consisting of an increase in contract assets of RMB6.8 million, an increase in trade receivables of RMB3.8 million and an increase in prepayments, deposits and other receivables of RMB0.8 million, all of which were generally in line with our business growth, partially offset by an increase in other payables and accruals of RMB10.1 million primarily relating to payment received on behalf of a customer and an increase in contract liabilities of RMB0.9 million.

Net Cash Flows Used in Investing Activities

In the six months ended June 30, 2020, we had net cash used in investing activities of RMB3.5 million, primarily attributable to purchases of financial assets at fair value through profit or loss of RMB28.6 million and additions to intangible assets of RMB3.5 million, partially offset by receipt of financial assets at fair value through profit or loss of RMB28.8 million.

In 2019, we had net cash used in investing activities of RMB10.6 million, primarily attributable to additions to intangible assets of RMB9.4 million and purchases of items of property and equipment of RMB1.1 million.

In 2018, we had net cash used in investing activities of RMB5.3 million, primarily attributable to additions to intangible assets of RMB3.3 million and purchases of items of property and equipment of RMB2.0 million.

In 2017, we had net cash used in investing activities of RMB3.4 million, primarily attributable to purchases of items of property and equipment of RMB3.1 million and additions to intangible assets of RMB0.3 million.

Net Cash Flows Generated from/(Used in) Financing Activities

In the six months ended June 30, 2020, we had net cash used in financing activities of RMB2.1 million, primarily attributable to the deemed distribution of RMB73.5 million, which was determined with reference to net assets of Beijing Newlink as of June 30, 2019 determined in a valuation report prepared by an independent external appraiser and the paid-in registered capital of Beijing Newlink, and the principal portion of lease payments of RMB2.0 million, partially offset by capital contribution by our shareholders and capital contribution by the then shareholders of a subsidiary of RMB59.5 million.

In 2019, we had net cash generated from financing activities of RMB54.3 million, primarily attributable to loans from Shareholders of RMB37.0 million, capital contribution by the Shareholders of RMB16.0 million and capital contribution by the then shareholders of a subsidiary of RMB5.0 million, partially offset by principal portion of lease payments of RMB5.2 million.

In 2018, we had net cash generated from financing activities of RMB12.1 million, primarily attributable to capital contribution by the then shareholders of a subsidiary of RMB15.0 million, partially offset by principal portion of lease payments of RMB2.9 million.

In 2017, we had net cash generated from financing activities of RMB21.6 million, primarily attributable to capital contribution by the then shareholders of a subsidiary of RMB25.0 million, partially offset by principal portion of lease payments of RMB3.4 million.

Working Capital

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

	As of December 31,			As of June 30,	As of October 31,
	2017	2018	2019	2020	2020
	(RMB in thousands)				
					(Unaudited)
CURRENT ASSETS					
Trade receivables	3,798	70,037	72,289	99,055	102,211
Prepayments, deposits and other receivables	1,437	2,403	4,697	7,173	8,206
Pledged deposits	–	–	15	15	–
Amounts due from shareholders	–	–	56,014	–	–
Cash and cash equivalents	25,090	15,515	57,339	22,669	56,829
Contract assets	6,785	7,731	22,635	29,050	26,158
Amounts due from related parties	331	1,110	2,232	–	–
Total current assets	37,441	96,796	215,221	157,962	193,404
CURRENT LIABILITIES					
Amounts due to shareholders	–	–	37,000	–	–
Other payables and accruals	10,652	20,348	3,879	7,032	7,724
Interest-bearing bank borrowings	–	–	–	–	15,000
Tax payable	63	2,406	2,578	552	1,358
Lease liabilities	1,242	3,458	2,111	1,583	938
Contract liabilities	922	4,241	1,500	328	166
Trade payables	1,781	4,513	897	14	866
Total current liabilities	14,660	34,966	47,965	9,509	26,052
NET CURRENT ASSETS	22,781	61,830	167,256	148,453	167,352

We had net current assets of RMB22.8 million, RMB61.8 million, RMB167.3 million, RMB148.5 million and RMB167.4 million as of December 31, 2017, 2018 and 2019, June 30, 2020 and October 31, 2020, respectively. Our net current assets position as of each of these dates was mainly attributable to our trade receivables, cash and cash equivalents, amounts due from shareholders and contract assets, partially offset by our amounts due to shareholders, other payables and accruals, trade payables and lease liabilities.

Our net current asset increased by 12.7% from RMB148.5 million as of June 30, 2020 to RMB167.4 million as of October 31, 2020 primarily due to an increase in cash and cash equivalents of RMB34.2 million mainly due to an increase in revenue and collection of part of our trade receivables, primarily due to the accelerated collection in the fourth quarter of 2020 as many of our major customers tend to conduct the inspection and other procedures for acceptance of our services in the fourth quarter of a year and most of our contracts was completed in the fourth quarter of a year, partially offset by an increase in trade payables of RMB3.2 million along with our business growth.

Our net current asset decreased by 11.2% from RMB167.3 million as of December 31, 2019 to RMB148.5 million as of June 30, 2020 primarily due to a net decrease in the aggregation of cash and cash equivalents and the amounts due from shareholders of RMB90.7 million mainly due to deemed distribution of RMB73.5 million, and the listing expenses incurred in connection with the Global Offering, partially offset by a decrease in amounts due to shareholders of RMB37.0 million representing our borrowings from Mr. Zhai and Mr. Yuan, which were settled in January 2020 and an increase in trade receivables of RMB26.8 million resulting from the extended internal process and payment cycle of our customers during the COVID-19 outbreak in the first half of 2020.

Our net current asset increased significantly from RMB61.8 million as of December 31, 2018 to RMB167.3 million as of December 31, 2019, primarily due to (1) an increase in amounts due from shareholders of RMB56.0 million, which represented capital contribution to be received from certain of our minority Shareholders, which was settled in January 2020, (2) an increase in cash and cash equivalents of RMB41.8 million mainly due to capital contribution by shareholders of Beijing Newlink and collection of part of our trade receivables, (3) an increase in contract assets of RMB14.9 million, which was generally in line with our business growth, and (4) a decrease in other payables and accruals of RMB16.5 million mainly because we settled part of other payables in the same period, partially offset by an increase in amounts due to shareholders of RMB37.0 million representing our borrowings from Mr. Zhai and Mr. Yuan.

Our net current asset increased significantly from RMB22.8 million as of December 31, 2017 to RMB61.8 million as of December 31, 2018 primarily due to an increase in trade receivables of RMB66.4 million, which was generally in line with our business growth, partially offset by an increase in other payables and accruals of RMB9.7 million mainly due to increased payables under certain payment arrangement. See "— Discussion of Certain Items from the Consolidated Statements of Financial Position — Other payables and accruals."

We intend to continue to finance our working capital with cash generated from our operations, bank loans and other borrowings, net proceeds from the Global Offering and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Taking into consideration of financial resources presently available to us, our Directors are of the view that our available cash and cash equivalents, anticipated cash flow from operations, bank loans and other borrowings and net proceeds from the Global Offering will be sufficient to meet our present and anticipated cash requirements for the next 12 months from the date of this prospectus. Based on review of financial documents and other due diligence documents, discussion with and confirmation from our Directors, the Sole Sponsor concurs with our Directors' view.

OUR TREASURY AND INVESTMENT POLICY

We generally adopt treasury and investment measures that govern our investments in wealth management products. These measures include, among other things, the following:

- We generally should only purchase low-risk wealth management products issued by licensed commercial banks with good credit standing in China;

- Investments shall generally have strong liquidity (can be redeemed on the same day of purchase) in order to control credit risk, maintain our liquidity and financial flexibility;

- Our senior management shall consider the criteria of the investments, including liquidity, credit risk and expected return. Such senior management is our executive Director and chief financial officer, Ms. Qiao Huimin, who has over 19 years of experience in accounting and financial management, served various accounting-related positions in several enterprises and obtained a master's degree in accounting;

- We shall obtain approval from our Board for all of our investments in wealth management products. See "Directors and Senior Management — Board of Directors" for biographical details of our board members; and

- Our financial department is responsible to carry out and monitor the investments and our internal audit department regularly conduct internal audit for the investments and report the audit results to our senior management and the audit committee of the Board in a timely manner.

In February 2020, we purchased certain low-risk wealth management products measured at fair value through profit or loss of RMB26.8 million from Bank of Ningbo, Co., Ltd., a reputable licensed commercial bank in China. The wealth management products were redeemed in full by April 7, 2020, with earnings of RMB0.1 million. Such wealth management products were not principal-guaranteed and were redeemed in full by April 7, 2020, with earnings of RMB0.1 million.

As of the date of this prospectus, our Directors are of the view that there was no credit risk exposure regarding our investment on wealth management products. Going forward, we plan to strictly implement our treasury and investment policy and we do not have any plan to purchase wealth management products.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period consisted primarily of purchase of intangible assets and property and equipment, and amounted to RMB3.4 million, RMB5.3 million, RMB10.6 million and RMB3.6 million in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. The increase in capital expenditures from 2017 to 2019 was primarily due to the increases in (1) purchase of intangible assets relating to software purchased from third parties and (2) property and equipment relating to leasehold improvements, electronic equipment and furniture. The decrease in capital expenditures from 2019 to the six months ended June 30, 2020 was primarily due to our decreased demand in purchasing property and equipment along with our stable business operation.

Capital Commitments

During the Track Record Period and up to the Latest Practicable Date, we did not have any capital commitments.

INDEBTEDNESS

Our indebtedness during the Track Record Period consisted primarily of interest-bearing bank borrowings and lease liabilities. We had bank loans of RMB30.0 million in 2019, which were guaranteed by a certificate of deposit held by Mr. Zhai. In November 2019, the guarantees had been released due to the full repayment of the secured loans and we have no other pledge or guarantee provided by any of our related parties. As of October 31, 2020, we had bank borrowings of RMB15.0 million.

The following table sets forth the breakdown of our indebtedness as of the date indicated.

	As of December 31,			As of June 30,	As of October 31,
	2017	2018	2019	2020	2020
	(RMB in thousands)				(Unaudited)
Non-current portion					
Lease liabilities	2,485	13,438	10,256	8,412	7,068
Current portion					
Lease liabilities	1,242	3,458	2,111	1,583	938
Total	3,727	16,896	12,367	9,995	8,006

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Saved as disclosed in this prospectus, we did not have any bank loan or other borrowing, or any loan capital issued and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities as of October 31, 2020, being the latest practicable date for our indebtedness statement. Our Directors confirm that there has not been any material change in our indebtedness since October 31, 2020.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

LISTING EXPENSES

We expect to incur a total of approximately RMB77.6 million of listing expenses in connection with the Global Offering, representing approximately 12.4% of the gross proceeds from the Global Offering (assuming an Offer Price of HK$3.71, being the mid-point of the indicative Offer Price range between HK$3.06 and HK$4.36, and assuming that the Over-allotment Option is not exercised). During the Track Record Period, we incurred listing expenses of approximately RMB17.3 million, out of which approximately RMB13.4 million was charged to our consolidated statements of results of operations as administrative expenses, while the remaining amount of approximately RMB3.9 million was capitalized as prepayment and will be deducted from the share premium upon the completion of the Global Offering. We expect to further incur underwriting commission and other listing expenses of approximately RMB60.3 million upon the completion of the Global Offering, out of which approximately RMB12.9 million is expected to be charged to our consolidated statements of results of operations and approximately RMB47.4 million is expected to be deducted from the share premium. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

In view of the above, prospective investors should note that the financial results of our Group for 2020 will be adversely affected by the non-recurring expenses in connection with the Global Offering. Our Directors would like to emphasize that the expenses in connection with the Global Offering are a current estimate for reference only and the amounts to be recognized in the equity and the statements of results of operations of our Group are subject to adjustment due to changes in estimates and assumptions.

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,			As of/for the six months ended June 30,
	2017	2018	2019	2020
Profitability ratios				
Gross margin(1)	42.1%	47.9%	49.1%	41.8%
Net margin(2)	7.3%	25.8%	22.2%	5.2%
Non-HKFRS measure:				
Adjusted net margin(3)	7.3%	25.8%	25.7%	19.2%
Return on equity(4)	9.7%	59.6%	25.3%	1.7%
Return on total assets(5)	6.0%	36.6%	18.0%	1.4%
Liquidity ratios				
Current ratio(6)	2.6	2.8	4.5	16.6
Quick ratio(7)	2.6	2.8	4.5	16.6
Capital adequacy ratio				
Gearing ratio(8)	–	–	–	–

Notes:

(1) The calculation of gross margin is based on gross profit for the year/period divided by revenue for the respective year/period and multiplied by 100.0%.

(2) The calculation of net margin is based on profit for the year/period divided by revenue for the respective year/period and multiplied by 100.0%.

(3) The calculation of adjusted net margin, a non-HKFRS measure, is based on adjusted net profit divided by revenue for the respective year/period and multiplied by 100.0%. See " — Key Components of Our Results of Operations — Non-HKFRS Measure."

(4) The calculation of return on equity is based on profit for the year/period divided by average total equity attributable to equity holders of our Company as of the beginning and end of the year/period and multiplied by 100.0%.

(5) The calculation of return on total assets is based on profit for the year/period divided by average total assets as of the beginning and end of the year/period and multiplied by 100.0%.

(6) The calculation of current ratio is based on current assets divided by current liabilities as of year/period end.

(7) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of year/period end.

(8) The calculation of gearing ratio is based on total borrowings divided by total equity as of year/period end and multiplied by 100.0%.

Analysis of Key Financial Ratios

Gross Margin, Net Margin and Adjusted Net Margin (non-HKFRS measure)

See "— Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross margin, net margin and adjusted net margin during the Track Record Period.

Return on Equity and Return on Total Assets

Our return on equity decreased from 59.6% for 2018 to 25.3% for 2019, primarily due to the increase in our equity. Our return on equity further decreased to 1.7% for the six months ended June 30, 2020, primarily due to the decrease in our net profit. Our return on equity increased from 9.7% for 2017 to 59.6% for 2018, primarily due to the increase in our net profit.

Our return on total assets decreased from 36.6% for 2018 to 18.0% for 2019, primarily due to the increase in our total assets, which was in line with our business growth. Our return on total assets further decreased to 1.4% for the six months ended June 30, 2020, primarily due to the decrease in our net profit. Our return on total assets increased from 6.0% for 2017 to 36.6% for 2018, primarily due to the increase in our net profit.

Current Ratio and Quick Ratio

Our current ratio remained relatively stable at 2.6 and 2.8 as of December 31, 2017 and 2018, respectively, and increased significantly from 2.8 as of December 31, 2018 to 4.5 as of December 31, 2019, primarily due to the increase in our trade receivables and contract assets during the same periods. Our current ratio further increased to 16.6 as of June 30, 2020 primarily due to the significant decrease in our current liabilities resulting from the settlement of our amounts due to shareholders.

Our quick ratio remained relatively stable at 2.6 and 2.8 as of December 31, 2017 and 2018, respectively, and increased significantly from 2.8 as of December 31, 2018 to 4.5 as of December 31, 2019, primarily due to the increase in our trade receivables and contract assets during the same periods. Our quick ratio further increased to 16.6 as of June 30, 2020 primarily due to the significant decrease in our current liabilities resulting from the settlement of our amounts due to shareholders.

Gearing Ratio

Our gearing ratio was nil as of December 31, 2017, 2018 and 2019 and June 30, 2020.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we entered into a number of related party transactions, primarily including (1) technical services provided to Guanruitong, an entity controlled by a Controlling Shareholder, and (2) purchase of office supplies from Guanruitong.

The following table sets forth details of the transactions we had with our related parties during the Track Record Period.

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Technical services provided to Guanruitong	–	3,498	–	–
Purchase of office supplies from Guanruitong	–	83	89	21
Total	–	3,581	89	21

The following tables set forth amounts due from/to our related parties as of the dates indicated.

Amounts due from related parties

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Yunwang[(1)]	–	–	10	–
Guanruitong[(2)]	331	1,110	2,222	–
Total	331	1,110	2,232	–

Notes:

(1) The amount due from Yunwang, an entity controlled by a Controlling Shareholder, was non-trade in nature, which included certain advances we made to Yunwang for working capital use.

(2) The amounts due from Guanruitong were attributable to certain transactions between Guanruitong and us, including our technical service provided to Guanruitong, our purchase of office supplies from Guanruitong, and certain advances we made to and received from Guanruitong for working capital use.

Amounts due to related parties

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Mr. Zhai[(1)]	–	–	17,000	–
Mr. Yuan[(1)]	–	–	20,000	–
Total	–	–	37,000	–

Note:

(1) In 2019, Mr. Zhai and Mr. Yuan provided us with interest-free loans of RMB17.0 million and RMB20.0 million, respectively, which were settled in January 2020. Such loans were to fund our daily operations and support our business expansion. We can meet the minimum profit requirement if interest expenses of such loans were charged by Mr. Zhai and Mr. Yuan.

Save as disclosed above and except the investments of Mr. Zhai and Mr. Yuan in our Group and the guarantee provided by Mr. Zhai as disclosed in "— Indebtedness", there has been no other sharing of resources and fund flows between each of the related parties identified and our Group. As of June 30, 2020, our Group had outstanding balances of amounts due from related parties and amounts due to related parties of nil and nil, respectively. As of the Latest Practicable Date, all balances with related parties had been settled. For details of our related party transactions, see Note 29 to the Accountants' Report in Appendix I to this prospectus.

The above mentioned related party transactions were independently negotiated by our Group and the relevant counterparty before entering into each transaction and were entered into by our Group during the ordinary course of business; and our Group had taken into account the terms of such related party transactions as compared to the terms with other third parties and concluded that the abovementioned related party transactions, taking as a whole, are not less favorable for our Group than transactions with other third parties.

For the technical services provided to Guanruitong, we considered our manpower investment in the relevant project (including number of technical staff allocated and their respective salary level and other benefits) and the project duration when determining the contract price. Before entering the relevant agreement, we estimated that we would, base on different phases of the project, allocate a total of 23 technical staff, including one development director, an architect and 21 engineers, ten of which are senior engineers, with a total project duration of up to 12 months. We consider that the staff allocation plan, the salary level of the staff allocated and project duration for such project are in line with our projects of similar nature with independent third parties. For our purchase of office supplies from Guanruitong, we purchased offices supplies, including 14 laptops, three printing machines, three mobile phones and other office supplies (such as papers and pens) for our daily office use, from Guanruitong in 2018 and 2019. The transaction amount of such purchases was RMB83,000 in 2018 and RMB89,000 in 2019. We placed orders with Guanruitong with specified purchase amount and product type periodically, which was determined based on our actual needs. We also compared the price of the office supplies provided by Guanruitong against the price of same products provided by independent third parties, and considered that the prices offered by Guanruitong were in line with the market price. For the advances due from/to related parties, all of such advances was interest-free and was settled as of the Latest Practicable Date.

Based on the foregoing, our Directors believe that each of the related party transactions set out in Note 29 to the Accountants' Report in Appendix I to this prospectus was conducted on an arm's length basis and would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

DISTRIBUTABLE RESERVES

As of June 30, 2020, we had distributable reserves of RMB60.0 million.

DIVIDEND POLICY

During the Track Record Period, no dividend had been paid or declared by us. According to our dividend policy adopted on December 5, 2020, the Articles of Association and applicable laws and regulations, our Company in general meeting may from time to time by ordinary resolution declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board, provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. We currently do not have a pre-determined or fixed dividend payout ratio. We will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment. The determination to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, business conditions and strategies, future operations and earnings, capital and investment requirements, level of indebtedness, and other factors that our Directors deem relevant.

We are a holding company incorporated under the laws of the Cayman Islands, pursuant to which, the financial position of accumulated losses does not prohibit us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our Company satisfies the solvency test set out in the Cayman Companies Act.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since June 30, 2020 and there has been no event since June 30, 2020 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our consolidated net tangible assets as of June 30, 2020 as if it had taken place on that date.

Our unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of June 30, 2020 or any future date. It is prepared based on our consolidated net tangible assets as of June 30, 2020 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Consolidated net tangible assets attributable to owners of our Company as of June 30, 2020(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per Share(3)	
		(RMB in thousands)		RMB	HK$(4)
Based on an Offer Price of HK$3.06 per Share	155,057	446,000	601,057	0.75	0.89
Based on an Offer Price of HK$4.36 per Share	155,057	651,114	806,171	1.01	1.19

Notes:

(1) Our consolidated net tangible assets attributable to owners of our Company as of June 30, 2020 is extracted from the Accountants' Report in Appendix I to this prospectus, which is based on the unaudited consolidated net assets attributable to owners of our Company as of June 30, 2020 of approximately RMB168.4 million, with an adjustment for the other intangible assets of RMB13.3 million as of June 30, 2020.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$3.06 and HK$4.36 per Share, being the lower end to higher end of the stated Offer Price range, after deduction of the underwriting fees and other estimated listing expenses payable by our Company and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK$1.0 to RMB0.84381 prevailing on December 11, 2020.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived after adjustments referred to in the preceding paragraphs and on the basis that 800,000,000 Shares were in issue immediately upon completion of the Global Offering (without taking into account of any Shares which may be allotted and issued upon exercise of the Over-allotment Option), which is assumed to be on June 30, 2020 for the purpose of the pro forma financial information.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.84381 prevailing on December 11, 2020.

(5) No adjustment has been made to reflect trading results or other transactions subsequent to June 30, 2020.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our Group's principal financial instruments include cash and cash equivalents and lease liabilities. Our Group has various other financial assets and liabilities such as trade receivables, other receivables, trade payables and other payables and accruals which arise directly from our operations.

The main risks arising from our Group's financial instruments are interest rate risk, credit risk and liquidity risk. Our Directors reviewed and agreed policies for managing each of these risks as summarized below.

Interest Rate Risk

Our Group is exposed to interest rate risk in relation to lease liabilities. Our Group's fair value interest rate risk is mainly concentrated on the fluctuations of the market rates from banks. We have not used any interest rate hedging policy to mitigate our exposure associated with interest rate risk. However, our senior management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. Our Directors believe the expected change in interest rate will not have a significant impact on our Group.

Credit Risk

Credit risk of our Group's financial assets, which comprise cash and cash equivalents, trade receivables, deposits and other receivables and amounts due from related parties, arises from defaults of counterparties, with a maximum exposure equal to the carrying amounts of these instruments. Since our Group mainly trade with recognized and credit-worthy third parties, there is no requirement for collaterals. Concentration of credit risk is managed by our customers or counter-parties, by geographical region and by product type.

The following table demonstrates the concentrations of credit risk of the total trade receivables which were due from our Group's five largest debtors.

	As of December 31,			As of June 30,
	2017	**2018**	**2019**	**2020**
Percentage of total trade receivables due from:				
Our Group's five largest trade debtors	99%	77%	74%	78%

Liquidity Risk

In order to manage liquidity risk, our Group monitors and maintains a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. Our Group regularly reviews our major funding positions to ensure that we have adequate financial resources to meet our financial obligations. See Note 32 to the Accountants' Report in Appendix I to this prospectus for more details.

FUTURE PLANS

For further disclosure of our business objectives and strategies, see "Business — Our Business Strategies" in this prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting commission and other estimated listing expenses payable by us, assuming an Offer Price of HK$3.71 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus) will be approximately HK$650.1 million, assuming that the Over-allotment Option is not exercised. We currently intend to apply the net proceeds as follows:

- approximately 80.0% of the net proceeds, or approximately HK$520.1 million, is expected to be used primarily for developing new solutions and upgrading existing solutions by attracting and retaining high-quality technical staff, expanding our offices, purchasing software products and equipment, and investing in the cooperation with industry experts and authorities, five years after the Listing;
  - approximately 20.0% of the net proceeds, or approximately HK$130.0 million, is expected to be used to continue to develop and upgrade our medical quality control and safety warning system;
  - approximately 20.0% of the net proceeds, or approximately HK$130.0 million, is expected to be used to continue to develop our clinical pathway management system;
  - approximately 10.0% of the net proceeds, or approximately HK$65.0 million, is expected to be used to continue to develop our telemedicine system;
  - approximately 10.0% of the net proceeds, or approximately HK$65.0 million, is expected to be used to develop a new solution of intelligent healthcare platform;
  - approximately 20.0% of the net proceeds, or approximately HK$130.0 million, is expected to be used to upgrade our RPA solution;
- approximately 10.0% of the net proceeds, or approximately HK$65.0 million, is expected to be used primarily for enhancing our sales and marketing efforts; and
- the remaining up to approximately 10.0% of the net proceeds, or approximately HK$65.0 million, is expected to be used primarily for working capital and other general corporate purposes.

The details of our plan for the use of the net proceeds are further illustrated as below:

1. Approximately 80.0% of the net proceeds, or approximately HK$520.0 million, to be used primarily for upgrading existing solutions and developing new solutions

We plan to invest 80.0% of the net proceeds for upgrading existing solutions, including our medical quality control and safety warning system, clinical pathway management system, RPA solution and telemedicine system, and developing new solutions, including the intelligent healthcare platform, by attracting and retaining high-quality technical staff, expanding our offices, purchasing software products and equipment, and investing in the cooperation with industry experts and authorities, five years after the Listing. Approximately 20.0% of the net proceeds, or approximately HK$130.0 million, is expected to be used to continue to develop and upgrade our RPA solution for financial institutions and approximately 60.0% of the net proceeds, or approximately HK$390.1 million, is expected to be used to continue to develop and upgrade our IT solutions for healthcare institutions.

(1) Breakdown of 80.0% of the Net Proceeds by Investment Nature

Approximately 35.4% of the net proceeds, or approximately HK$230.1 million, will be used to recruit a total of approximately 350 technical staff and provide trainings for our technical staff. Approximately 25.8% of the net proceeds, or approximately HK$167.6 million, will be used to purchase software products and equipment that incorporate advanced technologies. Approximately 5.5% of the net proceeds, or approximately HK$86.7 million, will be used to lease, purchase and renovate offices for our office expansion. Approximately 13.3% of the net proceeds, or approximately HK$35.6 million, will be invested in our cooperation with industry experts and authorities regarding the research and development of IT solutions and the improvement of our technological capabilities.

From 2021 to June 30, 2024, we plan to monitor the development and changes of the market demand to further develop our data technologies, including data collection and preprocessing, data analysis and data mining, data visualization, and other technologies, including RPA and distributed trading architecture. We plan to apply the enhanced technologies in our IT solutions for financial institutions and healthcare institutions. Specifically, we plan to upgrade the existing distributed trading architecture in our finance IT solutions to meet the increasingly sophisticated demands of customers for newly-emerged businesses. We also plan to improve the design process of robot software for our RPA solution by using machine deep learning technologies to classify user actions. For healthcare IT solutions, we plan to further apply the transferrable technological capability from financial IT solutions to healthcare IT solutions. Specifically, we plan to utilize the data technologies to efficiently integrate the unstructured medical data of hospitals, and to achieve real-time complex model calculation and results output for our healthcare IT solutions.

From July 1, 2024 to the end of 2025, we plan to further differentiate our IT solutions from those of our competitors in the market by offering comprehensive solution to cover almost all the aspects of the business operation of our customers. Specifically, in the finance IT solution industry, we plan to further enhance our technologies, such as optical character recognition and machine learning, adopted in our RPA solution, to enable financial institutions to utilize robot software to transform almost all of the tasks traditionally performed by human beings into robot process automation. We intend to build our technical barrier by assisting financial institutions to establish RPA operation centers that meet both the financial regulation requirements and the business operation standards of financial enterprises. In the healthcare IT solution industry, we plan to further invest in our data technologies and explore more application scenarios. Leveraging the enhanced data technologies and the application experience that we will master and obtain by 2023, we plan to strengthen our research on model design and computing capacity for our medical quality control and safety warning system and other healthcare IT solutions, to build our technical barrier by offering comprehensive coverage for all kinds of hospitals.

To meet the abovementioned goals during the five years after the Listing, we plan to recruit and train technical staff with rich work experience in advanced technology and software development, and background in healthcare industry; purchase advanced computers, servers and data storage equipment, as well as fundamental and performance test software, to support our research and development; expand our offices and provide more office space for employees of different functions, to accommodate employees to be recruited and store our critical equipment, and to reserve high-quality assets; and cooperate with industry experts and authorities to identify and capture market demands ahead of our competitors, utilize cutting-edge technology and apply research results for our product design and development, to maintain our early-mover advantages. According to the CIC Report, software company normally develop in a progressively accelerated process along with the enlarged business scale, we expect to invest relatively larger portion of the net proceeds for employee recruitment, software and equipment purchase, office purchase and industry experts cooperation from July 1, 2024 to the end of 2025, compared with those from 2021 to June 30, 2024.

The following table sets forth a breakdown of the net proceeds to be applied in the periods indicated.

	2021	2022	2023	2024	2025	Total
	(HK$ in million)					
Recruitment and training of technical staff	10.8	17.2	42.1	53.1	106.9	230.1
– For finance IT solutions	1.8	2.8	9.2	13.9	26.5	54.3
– For healthcare IT solutions	9.0	14.4	32.9	39.2	80.4	175.8
Software products and equipment purchase	34.0	24.0	18.0	32.5	59.1	167.6
– For finance IT solutions	9.8	6.5	5.7	8.5	15.3	45.8
– For healthcare IT solutions	24.2	17.5	12.3	24.0	43.8	121.8
Office lease, purchase and renovation	38.4	1.2	–	20.0	27.1	86.7
– For finance IT solutions	10.0	0.5	–	–	10.6	21.1
– For healthcare IT solutions	28.4	0.7	–	20.0	16.6	65.6
Cooperation with industry experts and authorities	5.0	7.4	8.7	7.1	7.5	35.6
– For finance IT solutions	1.2	1.8	2.2	1.8	1.9	8.9
– For healthcare IT solutions	3.8	5.6	6.5	5.3	5.6	26.7
Total	88.2	49.8	68.8	112.7	200.6	520.1
Analyzed into:						
– For finance IT solutions	22.8	11.6	17.1	24.2	54.3	130.0
– For healthcare IT solutions	65.4	38.2	51.7	88.5	146.3	390.1

(i) Recruitment Plan

As we had fully utilized our existing technical staff during the Track Record Period, we expect to expand our technical team by recruiting new technical staff when we have more projects to commence in the future. The following table sets forth the details of our recruitment plan for the 350 technical staff. We expect to recruit 40, 42, 78, 40 and 150 technical staff by December 31, 2021, 2022, 2023, 2024 and 2025, respectively. The plan is subject to changes based on our actual needs and market conditions at the relevant time. Our actual course of business may vary and there can be no assurance that we will implement our plans in a timely manner, or at all.

Number of Staff and Title	Major Responsibilities	Key Recruitment Criteria
268 technical staff for IT solutions for healthcare institutions		
Eight product managers	Responsible for the market research and analysis, function designing and product promotion	More than three years of work experience in product design; experience in healthcare-related products; unique insights into product design, user experience and data analysis

Number of Staff and Title	Major Responsibilities	Key Recruitment Criteria
Eight R&D managers	Allocated among the medical quality control and safety warning system, clinical pathway management system, telemedicine system and intelligent healthcare platform, responsible for the research and development for the respective products	More than six years of work experience in healthcare software development; proficient in Java programming, design patterns and other technologies for software development
20 project managers	Allocated among the medical quality control and safety warning system, clinical pathway management system, telemedicine system and intelligent healthcare platform, responsible for the project execution for the respective products	More than five years of work experience with at least two years of work experience in project management; project management professional qualification; background in healthcare information project management
54 healthcare data engineers	Responsible for tracking and analysis of users' demands, data mining, collection and analysis, and the optimization of products for better user interaction experience	More than three years of work experience in data analysis (healthcare-related work experience is preferred); master development languages; familiar with healthcare-related standards and technologies related to distributed networks
106 healthcare AI engineers	Responsible for the research and development of AI-related functions and products	More than two years Java development experience with database development capabilities; software project experience in hospital databases such as HIS, LIS and PACS is preferred; experience in research and development of medical AI technologies is preferred
64 healthcare front-end development engineers	Responsible for the front-end development of data display, data mining and analysis and process operations and mobile applications for our healthcare IT solutions	More than three years of related work experience; proficient in JavaScript, CSS and HTML; familiar with the front-end development and mainstream front-end framework
Eight embedded development engineers	Responsible for the maintenance and upgrade of the embedded codes for our existing IT solutions and participating in the developments of embedded procedure for new solutions	More than two years of product development experience; familiar with Keil, IAR and other development environment; proficient in use C programming language for embedded code

Number of Staff and Title	Major Responsibilities	Key Recruitment Criteria
82 technical staff for RPA solution		
Two RPA product directors	Responsible for the design and implementation of our strategies and plans for RPA products, and leading the team to develop high-quality products according to product plans	More than ten years of work experience in software development and management; background and in-depth knowledge in AI-related products and technologies
Three RPA product managers	Responsible for the research and analysis of RPA products' market demands, function designing and product promotion	More than three years of work experience in project design, AI-related products/projects, unique insights into product design, user experience and data analysis
Four RPA technical managers	Responsible for the development of RPA products, building the RPA software application architecture and ensuring the product quality and on-time delivery	More than five years of software development experience; ability to master RPA tools is preferred
Seven RPA project managers	Responsible for project plans and executions, managing the daily execution of projects and solving the issues in the project execution process	More than five years of work experience with at least two years of work experience in project management; project management professional qualification; experience in the development of similar products is preferred
20 RPA senior engineers	Responsible for the development and implementation based on our technology platform, the optimization of product functions, and on-site implementation and testing	More than five years of software development experience (AI-related experience is preferred); master RPA tools; at least one year of experience in software development or product development for finance industry
40 RPA development engineers	Responsible for the customized development, code development, and development of highly usable new features for RPA solutions	More than two years of work experience; master at least one programming language
Six RPA front-end engineers	Responsible for web component development, data visualization and management-side functions of RPA solutions and front-end development of mobile applications	More than three years of work experience in web development; proficient in JavaScript, CSS, HTML and other technologies; master at least one popular front-end framework

(ii) Plans for Software Products and Equipment Purchase, Office Lease, Purchase and Renovation and Cooperation with Industry Experts and Authorities

The following table sets for the details of our plans for software products and equipment purchase, office lease, purchase and renovation, and cooperation with industry experts and authorities, by using net proceeds from the Global Offering.

Software products and equipment purchase

Details	Reasons
2021 Purchase of 12 fundamental software for data analysis, including data operating environment platform, data management software and rapid application development software; regular purchase of around 300 computers, 40 servers and 30 data storage equipment ***2022*** Purchase of ten pressure test and performance analysis software to analyze and test performance of application systems; regular purchase of around 380 computers, 21 servers and 26 data storage equipment ***2023*** Purchase of six fundamental software for data analysis, including data operating environment platform, data management software, rapid application development software and pressure test and performance analysis software; regular purchase of around 430 computers, 14 servers and 17 data storage equipment ***2024*** Purchase of six fundamental software for data analysis, including data operating environment platform, data management software, rapid application development software and pressure test and performance analysis software; purchase of eight pressure test and performance analysis software to analyze and test performance of application systems; regular purchase of around 450 computers, 32 servers and 25 data storage equipment ***2025*** Purchase of 20 fundamental software for data analysis, including data operating environment platform, data management software, rapid application development software and pressure test and performance analysis software; purchase of five pressure test and performance analysis software to analyze and test performance of application systems; regular purchase of around 500 computers, 40 servers and 60 data storage equipment	To support our software development, maintain our early-mover advantages of IT solutions and capture future market demand

We estimate the number of computers to be purchased mainly based on the number of our technical staff, the scale and complexity of research and development and the demand for computer upgrades. Along with our business expansion, we plan to conduct larger-scale research and development, such as scalable parallel computing performed by hundreds of computers simultaneously, which demands large amounts of computers. The following table sets forth the estimated number of computers to be allocated to our technical staff as of the dates indicated.

	Estimated numbers of technical staff	Number of new computers to be purchased during the year ended the date indicated	Estimated number of computers to be allocated
As of December 31, 2021	406	290	282
As of December 31, 2022	448	320	281
As of December 31, 2023	526	432	362
As of December 31, 2024	562	460	403
As of December 31, 2025	712	610	452

We estimate the number of servers and data storage equipment to be purchased mainly based on the scale and complexity of research and development, the demand to support project execution in more geographical regions resulting from market expansion and the demand to process massive amounts of data in our research and development activities.

We estimate the number of fundamental software for data analysis to be purchased mainly based on the demand to develop new features for our medical quality control and safety warning system, clinical pathway management system and RPA solution, develop our intelligent healthcare platform, test functions of new features developed on our IT solutions and analyze and manage all kinds of data processed through our IT solutions.

Office lease, purchase and renovation

Details	Reasons
We currently operate our businesses in China primarily through our leased offices in Beijing and we also leased offices in Shanghai and Xi'an. As of the Latest Practicable Date, our leased offices had a total gross floor area of approximately 2,067 square meters and were fully utilized. Our leased offices in Beijing, Shanghai and Xi'an had a gross floor area of approximately 1,901, 91 and 74 square meters, respectively. We plan to lease, purchase and renovate offices to accommodate employees to be recruited and store critical equipment to be purchased for our business expansion. During the Track Record Period, we utilized our working capital mainly for research and development and market expansion to timely grasp opportunities at an early stage and achieve business success and establish our market presence in a relatively short period. As we expanded our business and maintained stable growth, we believe it is important for us to purchase offices to ensure stable business operation and conduct larger-scale research and development, such as scalable parallel computing performed by hundreds of computers simultaneously, by providing more office space to accommodate new employees and store our equipment. By purchasing offices, we can avoid relocation risks associated with the risk of increased lease costs and potential difficulties in negotiating renewal of our leases with our lessors. In addition, we consider purchasing offices as a good way to make proper reservation of high-quality assets, and therefore we plan to purchase offices with a total gross floor area of approximately 1,510 square meters at the Zhongguancun Science and Technology Park in Beijing. According to the CIC Report, the Zhongguancun Science and Technology Park, known as China's Silicon Valley and the first national high-tech industrial development zone in China, attracts a large amount of high-end talents to work there and many high-tech companies are headquartered and purchased offices there. Within the Zhongguancun Science and Technology Park, we have not identified any suitable target to purchase as offices as of the Latest Practicable Date. Before we complete our office purchase, we will lease offices near our current headquarter in Haidian district, Beijing, to accommodate our business expansion as a transition. Our purchase plan is set forth as below. ***2021*** Purchase offices located in the Zhongguancun Science and Technology Park in Haidian district, Beijing, near our current headquarter, with a gross floor area of approximately 710 square meters (exact location and area to be confirmed) ***2024*** Purchase offices located in the Zhongguancun Science and Technology Park in Haidian district, Beijing, near our current headquarter, with a gross floor area of approximately 350 square meters (exact location and area to be confirmed) ***2025*** Purchase offices located in the Zhongguancun Science and Technology Park in Haidian district, Beijing, near our current headquarter, with a gross floor area of approximately 450 square meters (exact location and area to be confirmed) A cost and benefit analysis for our office purchase plan as compared to office lease is set forth as below. The cost and benefit analysis is based on the assumptions of (1) the estimated useful life of the purchased property is 50 years; (2) depreciation is calculated on the straight-line basis, without residual value; and (3) the incremental borrowing rate of lease liabilities is 5% and the rental expense is paid monthly.	To expand our currently saturated offices and provide more office space for employees of different functions, to accommodate employees to be recruited and store our critical equipment, and to reserve high-quality assets, which we believe will support our business growth and expansion

	If Purchasing Offices	If Leasing Offices	
	Depreciation Charges	Depreciation Charges for Right-of-use Assets	Interest on Lease Liabilities
		(RMB in thousands)	
2021	377	1,479	341
2022	1,141	1,479	273
2023	1,141	1,479	201
2024	1,341	2,085	166
2025	2,331	3,781	120
Total	6,331	10,303	1,101

Cooperation with industry experts and authorities

Details	Reasons
We plan to cooperate with industry experts and authorities primarily in the following areas during the period from January 1, 2021 to December 31, 2025: • We plan to cooperate with hospitals to establish a database covering the standards utilized in the clinical pathway. We plan to collect from hospitals information of relatively advanced clinical pathways utilized in the treatment of diseases they specialize in and formulate clinical pathway models by disease category based on such information, which will also provide professional guidance for us to design clinical pathways for other diseases. Leveraging such professional guidance and using data mining and analysis, we plan to collect from hospitals medical data relating to such other diseases and design clinical pathways accordingly, which will be reviewed and modified by experts in hospitals. We also plan to cooperate with experts and research institutions to identify and recognize the detrimental factors among different diseases for patients having more than one type of disease (e.g., antibiotics cannot be used for inflammatory treatment for patients with renal insufficiency; and high levels of glucose cannot be applied for treatment of ocular retinal disease on diabetic patients). Experts and research institutions will provide background knowledge of standard classification of and correlating and influencing factors among diseases, relying on which we will formulate influencing factor model using deep learning technologies. • We plan to cooperate with research institutions and experts specialized in NLP technologies to apply NLP technologies in RPA solution in various business scenarios. Institutions and experts will develop semantic recognition algorithms, based on which we will apply NLP technologies to form semantic analysis models in our RPA solution. We also plan to cooperate with research institutions and individual patent holders in the field of optical character recognition, or OCR, to enable our RPA solution to accurately identify image contents in various business scenarios. Research institutions and individual patent holders will provide patented OCR technologies or products and we will develop tailored-made RPA solution for specific business scenarios based on such technologies or products. • We plan to cooperate with experts to introduce evaluation programs to our telemedicine system, which will include program to assess patients' attention; and program for patients' self-evaluation of their rehabilitation process through mobile applications. We will form diagnosis and treatment models in our telemedicine system, and experts in healthcare institutions will check and evaluate the treatment plans developed from such models through their online diagnosis and treatment services for patients. We also plan to cooperate with research institutions and experts to develop computer chips utilized in brain disease area, wearable devices and technologies applied in health examination and diagnostic assistance.	To identify and capture market demands ahead of others, utilize cutting-edge technology and apply research results for our product design and development, and maintain our early-mover advantages

(2) Breakdown of 80.0% of the Net Proceeds by Product Type

Specifically, we plan to invest 60.0% of the net proceeds for our innovative healthcare IT solutions, in which 20.0% to be used to continue to develop and upgrade our medical quality control and safety warning system, 20.0% to be used to continue to develop our clinical pathway management system, 10.0% to be used to continue to develop our telemedicine system, and 10.0% to be used to develop a new solution of intelligent healthcare platform.

Application of Transferrable Technological Capability from Financial IT Solutions to Healthcare IT Solutions

According to the CIC Report, both the finance industry and the healthcare industry in China are heavily regulated by the government. Financial institutions are required to manage their clients' personal data and information on a strictly confidential basis and healthcare institutions are required to manage their patients' personal and medical data and information on a strictly confidential basis. Accordingly, both the financial institutions and the healthcare institutions demand to apply advanced information technology to manage the huge amounts of customer data on a real-time basis during their daily operation. Compared to the finance industry in China which enjoys high degree of informatization with mature applications of finance IT solutions to support the daily operation of financial institutions, the healthcare industry in China is characterized by relatively low degree of informatization but with high demand, according to the CIC Report. Accordingly, the healthcare IT solution industry in China is at a less developed stage but with great potential, compared to the finance IT solution industry, according to the CIC Report.

To address the similar demand for informatization of healthcare institutions, we applied our experience and technological capability accumulated in software development for financial institutions in areas including data collection and preprocessing, data analysis and data mining, data visualization, NLP and text recognition, to the development of our innovative healthcare IT solutions, during the Track Record Period. See "Business — Our Key Solutions — Solutions for Healthcare Institutions" and "Business — Our Technologies." We gradually allocated more resources towards the development of our innovative healthcare IT solutions by recruiting more research and development personnel with healthcare background during the Track Record Period, as evidenced by the increase in the percentage of our research and development personnel with medical expertise and relevant work experience from nil as of December 31, 2017 to 62.8% as of June 30, 2020. We also gradually enhanced our marketing efforts with particular emphasis on promoting our innovative healthcare IT solutions. The number of product presentations and other types of product promotion events we conducted for our innovative healthcare IT solutions increased from nil in 2017 to ten in 2018, and further to 58 in 2019. In the 11 months ended November 30, 2020, we conducted 61 product presentations and other types of product promotion events for our innovative healthcare IT solutions.

As both our finance IT solutions and innovative healthcare IT solutions are developed based on our capability to integrate large amounts of data and achieve data collection and preprocessing, distributed computing, data analysis, data mining and data visualization for our customers, our technological capability accumulated from developing finance IT solutions were transferrable to develop our innovative healthcare IT solutions, as evidenced by the accumulated 64 projects that we had been awarded from healthcare institutions during the Track Record Period. During the Track Record Period, we have successfully transferred and applied the underlying technologies and algorithms that we developed for our finance IT solutions to developing our innovative healthcare IT solutions. The following four examples demonstrate how our technologies developed for our finance IT solutions applied to healthcare IT solutions:

- The underlying automatic choreography process technology we developed for our RPA solution is applied to record the work procedure performed by employees of financial institutions, such as data capturing, data input, information query and document management. After that, a standard operation procedure is generated for the RPA robot software to learn and perform automatically. That same underlying automatic choreography process technology was applied by our research and development personnel in developing our medical quality control and safety warning system, which is enabled to record the work procedure performed by healthcare professionals, such as medical data collection and analysis. After that, a standard operation procedure is generated for the models in the system to automatically interpret and analyze the medical data.

- We developed the optical character recognition technology for our finance IT solutions, including our RPA solution, to identify and extract key information and data from images of financial notes and certificates. The same technology was applied by our technical team in our healthcare IT solutions, including medical quality control and safety warning system, critical values warning system and clinical pathway management system, to assist healthcare professionals to identify and extract the key information in medical records and cases for patients.

- The underlying mass data exchange technology we developed for our BEAI platform is applied to line up data in arrays to realize fast and secure transmission of large volume of data among different internal and external systems of a bank. That same underlying mass data exchange technology was applied by our research and development personnel in developing our medical quality control and safety warning system and intelligent healthcare platform, to achieve fast and secure medical data transmission and sharing among healthcare institutions and hospital groups.

- The distributed trading architecture technology we developed is applied to solve the problem of high concurrent access and complex computing processing for financial institutions. The same distributed trading architecture was applied to develop our medical quality control and safety warning system, intelligent healthcare platform and telemedicine system. Leveraging the distributed trading architecture, these healthcare IT solutions are able to utilize middle and low-end hardware to deal with highly concurrent massive data processing requests on a real-time basis.

Market Opportunities for our Innovative Healthcare IT Solutions

According to the *Key Points of the Medical Quality and Safety System (醫療質量安全核心制度要點)* promulgated by the NHC in 2018, healthcare institutions in China are required to establish technical support system to cover the entire healthcare service process of patient diagnosis and treatment and the relevant healthcare data and information management in accordance with laws and regulations. Our comprehensive and integrated medical quality control and safety warning system was designed for healthcare institutions to strengthen their management of medical quality control and medical data management. Under our cooperative arrangements with the 240 hospitals, our medical quality control and safety warning system is supported and required by the relevant healthcare government authorities to be implemented in such 240 hospitals, as demonstration, by fits and starts. Prompted by the relevant government policies, other hospitals in China will need to follow the policies to implement such system and other innovative healthcare IT solutions, including clinical pathway management system and telemedicine system in the future. As a provider of the featured medical quality control and safety warning system with real-time monitoring functions in China, we have early mover advantage to capture the emerging market opportunities for more than 11,000 public hospitals and more than 22,000 private hospitals in China.

Along with the *Key Points of the Medical Quality and Safety System (醫療質量安全核心制度要點)*, on January 21, 2020, the NHC issued the *Notice of Clinical Pathway of Certain Diseases (2019 edition) (有關病種臨床路徑(2019年版)的通知)* and published clinical pathways for 224 types of diseases. According to consultation with the Deputy Director of the *Standardization Administration of Chinese Hospital (中國醫院協會醫院標準化管理專業委員會)*, which is the authority responsible for formulating and implementing the standards of healthcare services as well as evaluating the medical quality control and clinical pathway management of the healthcare institutions in China, in the next three to five years, as the relevant healthcare authorities in China vigorously promotes medical quality control and clinical pathway management in healthcare institutions, the demand for innovative healthcare IT solutions for medical quality control will increase; as a crucial system in the field of medical quality control, clinical pathway management system will also witness growing demands among healthcare institutions in China.

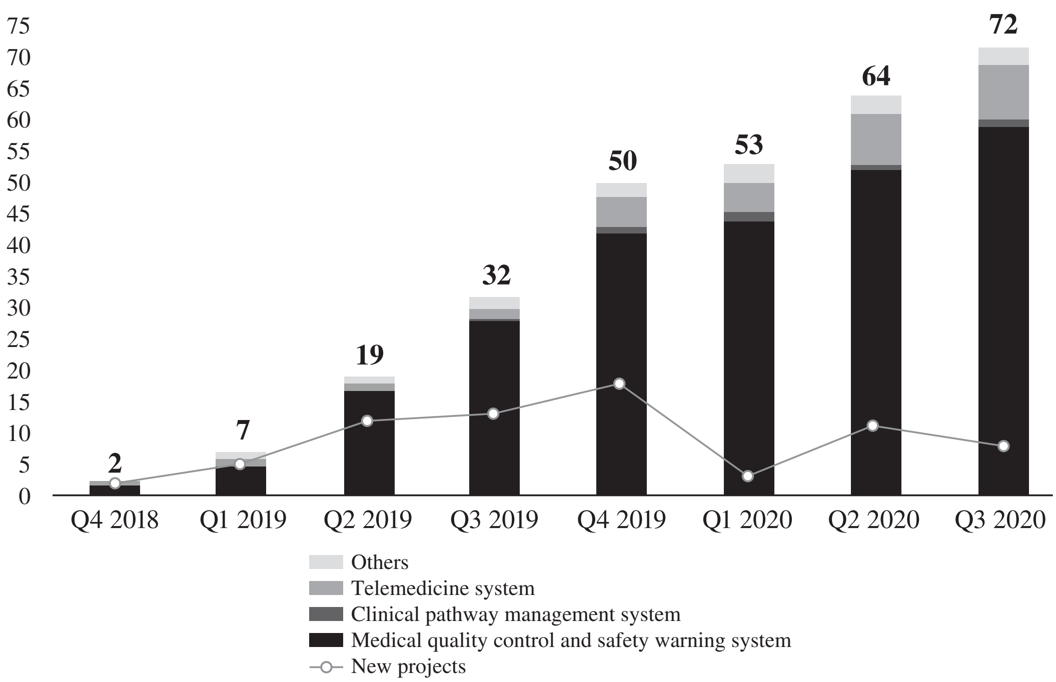
Furthermore, since January 2020, the COVID-19 outbreak is spreading in China and worldwide. For the healthcare IT solution industry, the significant burden on the medical system brought by the COVID-19 outbreak is expected to lead to an increasing demand around the world for innovative healthcare IT solutions enabling more efficient and centralized hospital management, quality healthcare services and medical data analysis and management, according to the CIC Report. For example, on February 6, 2020, the NHC issued the *Notice to Strengthen Diagnosis and Treatment Consulting Services through the Internet to Prevent and Control the Epidemic Outbreak (關於在疫情防控中做好互聯網診療諮詢服務工作的通知)*, encouraging healthcare institutions in China to utilize the Internet and telemedicine practice in providing healthcare services for the public in order to alleviate the healthcare resources constraints during the epidemic outbreak and reduce the risk of infection. As such, in the long term, we believe the COVID-19 outbreak will promote the awareness of the importance of advanced innovative healthcare IT solutions which will bring new business opportunities for us.

Benefited by favorable government policies in improving healthcare quality and addressing unbalanced distribution of medical resources in China, the market size of innovative healthcare IT solutions in terms of sales revenue increased from RMB29.7 billion in 2015 to RMB116.6 billion in 2019, at a CAGR of 40.8%, according to the CIC Report. It is expected to grow to RMB222.3 billion in 2021 and further to RMB778.1 billion in 2026, representing a CAGR of 31.1% from 2019 to 2026, according to the CIC Report. To seize the emerging market opportunities, we plan to allocate more resources to continue to develop our innovative healthcare IT solutions. In addition to our developed healthcare IT solutions, including medical quality control and safety warning system, clinical pathway management system and telemedicine system, we are also developing a new healthcare IT solution of intelligent healthcare platform.

Progress of Implementation of our Innovative Healthcare IT Solutions

Our Project Progress

We started to provide our innovative healthcare IT solutions for healthcare institutions since November 2018 and the accumulated number of projects we had been awarded from our customers in the healthcare industry increased significantly from two in 2018 to 50 in 2019, and further to 72 as of September 30, 2020, which demonstrates our ability to promote our innovative healthcare IT solutions and quickly expand and acquire new customers. The following table sets forth the accumulated number of projects that we had been awarded and the number of new projects that we had been awarded from healthcare institutions for the periods indicated.



Among the 72 projects that we had been awarded from our customers in the healthcare industry as of September 30, 2020, we had completed 29 projects, and had 24 ongoing contracts and 19 awarded projects, as of the Latest Practicable Date.

The following table sets forth the accumulated number of projects that we had been awarded from healthcare institutions per quarter by product type during the Track Record Period.

	2018 Fourth Quarter	2019 First Quarter	2019 Second Quarter	2019 Third Quarter	2019 Fourth Quarter	2020 First Quarter	2020 Second Quarter	2020 Third Quarter
Medical quality control and safety warning system	2	5	17	28	42	44	52	59
Clinical pathway management system	Nil	Nil	Nil	Nil	1	1	1	1
Telemedicine system	Nil	1	1	2	5	5	8	9
Others	Nil	1	1	2	2	3	3	3
Total	**2**	**7**	**19**	**32**	**50**	**53**	**64**	**72**

Some of our potential customers in the healthcare industry may delay their potential project initiation, engagement or implementation under the impact of COVID-19 outbreak. As of the Latest Practicable Date, all of our hospital customers are public hospitals. According to the CIC Report, public hospitals in China are funded by the government, and they have not curtailed their budgets and expenditures under the impact of COVID-19 outbreak. Along with the strengthened control of epidemic outbreak and improved situation in China, we gradually resumed our project execution for the affected projects and gained new projects, as evidenced by the increase in the number of new projects and the revenue generated from our innovative healthcare IT solutions from the first quarter to the second quarter and up to September 2020. Based on the financial information included in the Accountants' Report in Appendix I to this prospectus, the unaudited interim condensed combined financial information for the nine months ended September 30, 2019 and the unaudited interim condensed consolidated financial information for the nine months ended September 30, 2020:

- Our revenue and gross profit in the nine months ended September 30, 2020 increased by approximately 6.1% and approximately 14.2%, respectively, from the nine months ended September 30, 2019;

- Our revenue generated from healthcare institutions in the nine months ended September 30, 2020 increased by approximately 31.4% from the nine months ended September 30, 2019; and

- Our revenue generated from healthcare institutions in the third quarter ended September 30, 2020 increased by approximately 174.5% from the third quarter ended September 30, 2019.

The unaudited interim condensed consolidated financial information for the nine months ended September 30, 2020 has been reviewed by our Reporting Accountants in accordance with the Hong Kong Standard on Review Engagement 2410 "Review on Interim Financial Information Performed by the Independent Auditor of the Entity."

The number of new projects that we had been awarded from healthcare institutions amounted to eight in the third quarter of 2020, with a total estimated contract value of approximately RMB4.4 million.

To accommodate our healthcare customers' requirements and make up for the slowdown in the past months in 2020, we expect to constantly improve our work efficiency and speed up our project execution by allocating more manpower to complete projects and meet completion schedule efficiently, especially in the first half of 2021.

Our Projects under Negotiation

Following the industry custom, we establish connections with potential customers long before the tendering processes and negotiations. We initiate projects under negotiation for our potential customers after comprehensive preparation, including our sales and marketing staff and technical staff communicating and discussing thoroughly with the potential customers regarding their specific demands, conducting customized demand analysis, analyzing the degree of matching of our IT solutions and services and their demands, and evaluating profit margin of the potential projects based on the estimated costs to be incurred and the budget information obtained from such potential customers. Potential projects include projects for all the potential customers that we initiated communication with, and we only initiate projects under negotiation for those after our comprehensive preparation and obtaining of specific technical requirements and budget information from customers. It takes different amount of time for each of our project under negotiation to go through the process from the project initiation to engagement, based on the duration of tendering processes and negotiations and the customers' internal processes. Generally, it takes approximately three to 15 months for a project under negotiation to become an awarded project for us. During the Track Record Period, we entered into contracts for approximately 79.6% of all of our projects under negotiation. Specifically, our projects under negotiation typically originate from the below four scenarios:

- We proactively identify potential customers with demands that can be fulfilled by our IT solutions and services;

- Potential customers request proposals from us. For example, some financial institutions invited us to help prepare internal project reports for their plans to involve RPA solution in their business operation;

- Our existing customers seek our help for their new demands; and

- We receive referral leads from our existing customers after successful cooperation.

As of the Latest Practicable Date, we had a total of 23, two, two and two projects under negotiation with aggregate budget amount from our potential customers, over 70% of which were Class III Grade A hospitals, of more than RMB26.0 million, RMB2.0 million, RMB2.0 million and RMB50.0 million for our medical quality control and safety warning system, clinical pathway management system, telemedicine system and intelligent healthcare platform, respectively. We believe the contract value will not be materially different from the budget amount when we successfully secure the engagement for the projects under negotiation, because (1) the budget amount was provided by our potential customers, who determined the internal budget for the projects based on their demands and their understanding of our IT solutions after extensive communication with us; (2) we had an estimation of our costs to be incurred for each of our projects under negotiation so that we initiated projects under negotiation only with budget amount that can cover our costs; and (3) there was no material difference between the budget amount and the actual contract value for our completed contracts during the Track Record Period.

Generally, our potential customers in our projects under negotiation will need to go through a series of procedures, for instance, tendering processes or negotiations, before the official engagement. They may also invite other IT solution providers to submit tenders or quotations. However, as we conducted thorough communication and customized demand analysis for such potential customers long before their procedures, it indicated their genuine interests in engaging us after spending large amounts of time and resources to work with us regarding their specific demands. Also, healthcare institutions and financial institutions in China generally only engage one solution provider for the implementation of a specific system due to their budget optimization and customization needs, according to the CIC Report. Therefore, with our proven technological capabilities and successful system implementation during the Track Record Period, the Directors are of the view that our Group is strategically well positioned to secure the engagement for our projects under negotiation. Accordingly, we believe the aggregate budget amount of our potential customers for our projects under negotiation, together with ongoing contracts, awarded or tendered projects, is an appropriate indicator to demonstrate sufficient market demand for our IT solutions in the future.

We typically complete our projects within one year, and our backlog at the end of a period does not necessarily indicate our financial performance in the next period, as the backlog does not take into account the projects under negotiation, which are initiated before we submit tenders or initiate detailed business negotiations for direct engagements. For our healthcare IT solutions, our backlog at the end of 2018 only accounted for approximately 23.3% of our total revenue recognized in 2019. Therefore, the period end backlog shed little light on the revenue for the next period.

As of June 30, 2020, we had 68, 17 and three ongoing contracts for financial institutions, healthcare institutions and other enterprises, respectively. As of June 30, we also had 20 ongoing contracts without a fixed price or a price cap for our IT solutions for financial institutions. In the period from July 1, 2020 to the Latest Practicable Date, we entered into 62 new contracts with our customers. As of the Latest Practicable Date, we had completed 34 of the abovementioned 170 contracts and thus we had a total of 136 backlog contracts as of the same date. The following table sets forth the number, the backlog contracts as of the Latest Practicable Date, their original total contract value and their outstanding contract value as of the Latest Practicable Date.

	Number of Backlog Contracts	Original Contract Value	Outstanding Contract Value[(1)]
	(RMB in thousands, except for number of contracts)		
Financial Institutions	111	129,132	41,497
Contracts with a fixed price	79	113,464	37,091
Contracts without a fixed price			
Contracts with a specified price cap	9	15,668	4,406
Contracts without a specified price cap	23	–	–
Healthcare Institutions	24	37,370	22,344
Contracts with a fixed price	24	37,370	22,344
Contracts without a fixed price			
Contracts with a specified price cap	–	–	–
Contracts without a specified price cap	–	–	–
Other Enterprises	1	265	16
Contracts with a fixed price	1	265	16
Contracts without a fixed price			
Contracts with a specified price cap	–	–	–
Contracts without a specified price cap	–	–	–
Total	**136**	**166,767**	**63,857**

Note:

(1) The outstanding contract value is calculated based on the revenue recognized in the six months ended June 30, 2020, and the revenue recognized in the four months ended October 31, 2020 based on our management's account.

In addition, as of the Latest Practicable Date, we had a total of 23 ongoing contracts without a fixed price or a price cap, for which we do not take into account the contract value for the calculation of backlog in the above table. Based on our management's estimation after considering the workload already incurred, the workload expected to be incurred and past experience on similar projects, we expect that the total remaining contract value for these contracts, after deducting the revenue already recognized, will be over RMB60.0 million. Furthermore, as of the Latest Practicable Date, we had a total of 52 awarded projects with our engagement confirmed but we had not yet started implementation, and the total contract value for such awarded projects is approximately RMB39.1 million.

Breakdown of 60.0% of the Net Proceeds to be Used for our Innovative Healthcare IT Solutions

(i) Approximately 20.0% of the net proceeds, or approximately HK$130.0 million, to be used to continue to develop and upgrade our medical quality control and safety warning system.

Analysis of Market Demand

According to the CIC Report, the number of medical disputes in China increased by 41.0% from 12,849 in 2018 to 18,112 in 2019, and 99.0% of the medical disputes that happened in 2019 was caused by medical malpractice. According to the CIC Report, before adopting medical quality control and safety warning system, supervisors and department directors at hospitals can only evaluate performance of healthcare professionals and take remedial actions after medical accidents happen due to the lack of access to real-time statistics of healthcare professionals' behavior during their treatment. By enabling supervisors and department directors at hospitals to monitor the behavior of healthcare professionals on a real-time basis, our medical quality control and safety warning system can timely release warnings to inform supervisors and department directors once it identifies risks of medical malpractice, such as irrational use of medicines, improper diagnosis and excessive or negligent treatment. In this way, our system enables hospitals to effectively transform passive post-accident correction to active warning in advance to optimize the process of crisis management of hospitals. According to the CIC Report, more hospitals will demand to implement such system. According to the CIC Report, the market size of medical quality control and safety warning system in China is expected to experience a rapid growth and reach RMB659.2 million in 2026, representing a CAGR of 28.6% from 2019 to 2026. The growing number of medical disputes led to growing demands among healthcare institutions in China to continuously improve healthcare quality and lower the risk of medical malpractice.

Benefits of the System and Planned Use of Proceeds

The medical quality control and safety warning system enables hospitals to lower the risk of medical malpractice, improve operational efficiency and achieve centralized information management within a group of hospitals. Based on the interpretation and analysis of the medical data gathered from HIS, EMR and other medical databases, the medical quality control and safety warning system provides report and guidance for healthcare institutions to identify risks of medical malpractice, such as irrational use of medicines, improper diagnosis and excessive or negligent treatment. In this way, the system enables hospitals to monitor the behavior of healthcare professionals to lower the risk of deviating from standards in the healthcare profession. The medical quality control and safety warning system benefits patients by lowering the risk of medical malpractice and offering more access to quality and targeted healthcare services, by enabling healthcare professionals to gain comprehensive understanding of patients' physical conditions based on statistical analysis of medical data provided by our system and provide treatment tailored for patients' unique needs. The system utilizes data processed to perform medical analysis and provide precedent reference and guidance for healthcare professionals in underdeveloped areas with limited medical knowledge and experience to help reduce disparities in the access to healthcare services for patients with low socioeconomic status. See "Business — Our Key Solutions — Solutions for Healthcare Institutions — Medical Quality Control and Safety Warning System."

Through continuous in-depth communication with hospitals adopting our medical quality control and safety warning system regarding their demands and careful analysis of their feedback, we plan to conduct a series of system enhancements. Specifically, leveraging the continuous development of our technological capabilities, we plan to (1) expand the capacity of our medical quality control and safety warning system by adding more indicators to our models to enable more efficient data processing based on massive medical data and establish flexible and diverse data models for multi-type and multi-dimensional data analysis, and (2) optimize the algorithm of the models to enhance the accuracy of medical data analysis. We also intend to achieve intelligent data mining and management, healthcare service defect identification and disease database establishment. In addition, we intend to cooperate with domestic medical authorities and industry experts to develop medical quality control models and index system, which will be integrated into our medical quality control and safety warning system to provide meaningful guidance for medical practice and reduce the risk of medical malpractice.

Factors and Measures to Capture Market Demand

During the Track Record Period, we have established our market presence by providing our innovative healthcare IT solutions to 53 healthcare institutions and entered into cooperative arrangements with 240 hospitals for the implementation of our medical quality control and safety warning system, as of June 30, 2020. Such established healthcare customer network has laid the foundation and built connections for us to explore more business opportunities. Particularly, our previous cooperation with healthcare customers enabled us to build customer trust and provide us with first-hand information relating to such customers' further demands in the field of medical quality control, which will help us to conduct targeted system upgrades to meet their demands.

Our medical quality control and safety warning system has been adopted by a Class III Grade A hospital located in Beijing with the highest level of medical quality control in China. The successful system deployment in the hospital with the highest level of medical quality control has proved the competence of our product and our good technological capabilities and project execution ability. Along with the favorable government policies that will generate demands in IT solutions for medical quality control, the proved competence of our system and our first-mover position will bring us advantages against our potential competitors in the future. Also, there are demonstration effects among other hospitals that seek to improve their medical quality in a way that the hospital with the highest level of medical quality control in China does. Such demonstration effects had already benefited us as evidenced by our cooperative arrangements with 240 hospitals located in different regions in China, with over 70% of which were Class III Grade A hospitals, for the implementation of our medical quality control and safety warning system as of June 30, 2020. Most of these Class III Grade A hospitals are the most reputable hospitals in their corresponding regions and after the implementation of our system at such hospitals, we believe there will be further demonstration effects for other hospitals in such regions to implement our system. Consequently, the promotion of our system to potential healthcare customers in such regions will be more effective.

Under our cooperative arrangements with 240 hospitals, we had implemented our medical quality control and safety warning system for 46 hospitals as of September 30, 2020 and we expect to implement our system for six, 32, 37, 51 and 68 hospitals by December 31, 2020, March 31, June 30, September 30 and December 31, 2021, respectively. During the Track Record Period, we had already started providing services to these hospitals, with the services including arranging on-site visits to hospitals to provide presentations of our products and services, conduct data analysis and gain understanding of their existing medical database. Based solely on our previous contracts with hospitals, we estimate that the total contract value for the agreements to be entered into with 240 hospitals under our cooperative arrangement will be more than RMB77.0 million and the corresponding revenue to be recognized in 2020 will be approximately RMB9.9 million.

Project Progress and Projects under Negotiation

As of the Latest Practicable Date, we had 17 ongoing contracts of our medical quality control and safety warning system for 15 Class III Grade A hospitals and two Class II Grade A hospitals. As of the Latest Practicable Date, among such 17 contracts, we confirmed contract value for 13 contracts for 13 hospitals with a total contract value of RMB5.9 million and we cannot confirm contract value for the rest four hospitals that were in the process of agreement execution due to their extensive internal process and impact of the COVID-19 outbreak. Based on our management's estimation after considering the workload expected to be incurred and past experience on similar projects, we expect that the total contract value for the contracts relating to the four hospitals will be approximately RMB1.7 million. As of the Latest Practicable Date, we had 22 awarded projects for our medical quality control and safety warning system for 22 reputable hospitals with an expected total contract value of approximately RMB18.8 million. As of the Latest Practicable Date, we submitted tenders to procure engagements for five projects of such system with five reputable Class III Grade A hospitals with an expected total contract value of approximately RMB8.1 million. As of the Latest Practicable Date, we had 23 projects under negotiation with aggregate budget amount from our potential customers, consisting of 16 Class III Grade A hospitals and seven reputable regional hospitals, of more than RMB26.0 million for our medical quality control and safety warning system.

(ii) Approximately 20.0% of the net proceeds, or approximately HK$130.0 million, to be used to continue to develop our clinical pathway management system.

Analysis of Market Demand

As compared to the medical quality control and safety warning system, which focuses on integrated medical quality supervision and real-time safety warning analysis, the clinical pathway management system focuses on designing and providing standard treatment process of specific diseases by providing detailed guidance for each stage in the treatment process of a patient, thus achieves efficient coordination among different hospital departments, promote rational use of healthcare resource, optimize healthcare procedures and help reduce medical costs for patients as clinical pathway streamlines treatment process for each specific disease and avoid redundant healthcare procedures that lead to unreasonable or arbitrary charges. On January 21, 2020, the NHC issued the *Notice of Clinical Pathway of Certain Diseases (2019 edition) (有關病種臨床路徑(2019年版)的通知)* and published clinical pathways for 224 types of diseases. According to the CIC Report, driven by the continuous development and publications of clinical pathways for more types of diseases in China, the demand among healthcare institutions for clinical pathways' management will grow to promote greater standardization of healthcare service process. According to the CIC Report, the market size of clinical pathway management system in China is expected to experience a rapid growth and reach RMB4,735.4 million in 2026, representing a CAGR of 27.2% from 2019 to 2026.

Through our in-depth communication with our customers in the healthcare industry, we noticed that some hospitals, including some of our customers, are using paper-based clinical pathways, which cannot promote knowledge sharing among healthcare professionals, may burden healthcare professionals with a large amount of paper work and may also result in medical errors due to the lack of information accuracy. For such hospitals, they need a clinical pathway management system to be integrated into their existing information system and provide standard treatment process effectively and efficiently through digitalized solution. And for some hospitals that specialize in certain types of diseases, we noticed that they lack effective treatment plans for other types of diseases and need a clinical pathway management system that can provide treatment plans for a wide range of diseases based on their needs. The clinical pathways published by the NHC only serves as a general guidance, while our clinical pathway management system provides hospitals with detailed, practical and optimized pathways based on the actual situation and with reference to the general guidance provided by the NHC. Our clinical pathway management system is a ready-to-use system which carries out real-time monitoring of the execution process to optimize selection of pathways, identifies and analyzes abnormal data for disease variations and helps estimate medical expenses for patients based on the pathway selected. In addition to helping with hospitals providing healthcare services for all types of diseases, our clinical pathway management system also benefits specialized hospitals. According to the CIC Report, specialized hospitals in China engage in treatment for various types of diseases other than those they are specialized in, and our clinical pathway management system can help specialized hospitals promote organized and efficient healthcare services through greater standardization of treatment regimens.

Benefits of the System and Planned Use of Proceeds

By standardizing treatment processes to support the implementations of clinical guidelines and protocols for various kinds of diseases, the clinical pathway management system enables healthcare institutions to improve healthcare coordination and efficiency, reduce medical errors and promote the rational allocation of healthcare resources. By recording detailed healthcare procedures and schedules, the system enables patients to gain understanding of the healthcare services received and promotes communication between patients and healthcare professionals. In addition, the system assists in promoting reasonable charges for healthcare services by identifying redundant treatment processes which usually lead to unreasonable or arbitrary charges. See "Business — Our Key Solutions — Solutions for Healthcare Institutions — Clinical Pathway Management System."

Leveraging deep learning and data mining technologies and driven by the growing demands from healthcare instructions for greater standardization of treatment process, we intend to enable our clinical pathway management system to identify and recognize the detrimental factors among different diseases for patients having more than one type of disease (e.g., antibiotics cannot be used for inflammatory treatment for patients with renal insufficiency; and high levels of glucose cannot be applied for treatment of ocular retinal disease on diabetic patients), advance prediction of disease variations during the diagnosis process and make suggestions of possible variations and treatment plans for healthcare professionals' reference through an in-depth analysis of the situations that cause the disease variations, and continuously refine suggestions using the actual treatment plans. Through broader medical data analysis, we intend to include more types of diseases, such as cholecystitis (inflammation of the gallbladder) and ulcerative colitis, in our clinical pathway management system and achieve automatic identification of diseases and introduction of respective effective treatment plans.

We also intend to improve clinical pathway standard system by having our system analyze and study the clinical pathway standards through machine deep learning, monitor the deviations, and analyze the causes for deviations and interventions, to facilitate rational diagnosis and treatment proposals. We believe the aforementioned new features will refine the functional structure and business process of our clinical pathway management system and provide our customers with more detailed review of each aspect of the clinical pathway management and diverse functions that can improve the operational efficiency of their daily work process.

Factors and Measures to Capture Market Demand

Our established healthcare customer network and our experience in developing and implementing our medical quality control and safety warning system have laid the foundation and built connections for us to explore business opportunities and promote our clinical pathway management system. Particularly, our previous cooperation with healthcare customers enabled us to build customer trust and provide us with first-hand information relating to such customers' further demands and their specific IT infrastructure requirements, which will help us to conduct targeted promotions during the negotiation process to demonstrate our ability and procure new engagements from such customers.

According to the CIC Report, there were approximately 30 to 50 market players in the market of clinical pathway management system in China in 2019. Our clinical pathway management system is highly commended by the Standardization Administration of Chinese Hospital, which is the authority responsible for formulating and implementing the standards of healthcare services as well as evaluating the medical quality control and clinical pathway management of the healthcare institutions in China. Our clinical pathway management system is also introduced as a successful case study in seminars and conferences held by such authority, because of the innovativeness and the high efficiency of our system compared with those of our potential competitors, according to consultation with the Deputy Director of the authority. We believe that the high recognition of our system by the industry authority will bring us advantages in soliciting customers when such authority advocates the implementation of clinical pathway management system national widely.

The synergistic effect between clinical pathway management system and medical quality control and safety warning system will also be an advantage for us to solicit potential customers for our clinical pathway management system. The medical quality control and safety warning system monitors the behavior of healthcare professionals, while the clinical pathway management system provides healthcare professionals with access to standard diagnosis plan and treatment process. Standardized diagnosis plan and treatment process provides medical quality control and safety warning system with more precise and effective parameters in each stage of treatment in different types of diseases. Consequently, the analysis and evaluations on potential risks of medical malpractice, such as irrational use of medicines, improper diagnosis and excessive or negligent treatment, conducted by the medical quality control and safety warning system will become more accurate and prompter with the implementation of clinical pathway management system. On the basis of sharing medical data in diagnosis and treatment process, the medical quality control and safety warning system can provide more processed medical data for the clinical pathway management system in formulating standardized diagnosis plan and treatment process. Given that our medical quality control and safety warning system successfully obtained certain market and customers, we believe we can effectively promote our clinical pathway management system as well.

During the Track Record Period, there was one healthcare institution, which is a Class III Grade A hospital located in Beijing with the highest level of medical quality control in China, adopted both our medical quality control and safety warning system and our clinical pathway management system. We believe such successful tie-in implementation of both systems in the hospital with the highest level of medical quality control in China will inspire the 240 hospitals, which entered into cooperative arrangements with us for our medical quality control and safety warning system, to engage us for our clinical pathway management system to improve their medical quality in a way that the hospital with the highest level of medical quality control in China does. Consequently, the cross-selling of our clinical pathway management system to our existing healthcare customer base will be more effective. Based on the synergistic effect between the two systems, the demonstration effects from the hospital with the highest level of medical quality control in China as the industry opinion leader and the high recognition of our clinical pathway management system by the authority in the field of medical quality control in China, we believe we are well positioned to leverage our existing healthcare customer network to promote our clinical pathway management system with planned use of the net proceeds to obtain early-mover advantages in the market of the system. In addition, we plan to sell our clinical pathway management system together with our medical quality control and safety warning system when we continuously solicit new customers, through which we believe we will be able to offer our customers cost-effective medical quality control solution with competitive price. See "— (3) Expansion Plan" for our detailed plan to sell our clinical pathway management system to our existing customers and new customers.

Project Progress and Projects under Negotiation

As of the Latest Practicable Date, we did not have ongoing contracts for our clinical pathway management system. As of the Latest Practicable Date, we had two projects under negotiation with aggregate budget amount from our potential customers of two reputable Class III Grade A hospitals of more than RMB2.0 million for our clinical pathway management system.

(iii) Approximately 10.0% of the net proceeds, or approximately HK$65.0 million, to be used to continue to develop our telemedicine system.

Analysis of Market Demand

As compared to the medical quality control and safety warning system which focuses on medical quality control, the telemedicine system expands healthcare services provided by healthcare institutions by enabling long-distance patient and clinician contact, care, advice, monitoring and intervention through wearable device technologies. According to the CIC Report, there were approximately 620 million users, including both patients and healthcare professionals, of telemedicine system in China in 2019, and it is expected that the number of such users will continue to increase with a CAGR of approximately 15% to 20% in the next five years. Since August 2014, the NHC issued the *Guide on the Establishment of Telemedicine System (遠程醫療信息系統建設技術指南)* and the *Opinion on Promoting Healthcare Institutions for Telemedicine (關於推進醫療機構遠程醫療服務的意見)* to promote the development of telemedicine system in China. According to the CIC Report, the market size of telemedicine system in China is expected to experience a rapid growth and reach RMB35.3 billion in 2026, representing a CAGR of 16.0% from 2019 to 2026.

Through our in-depth communication with our customers in the healthcare industry, we noticed that patients across China, especially those in underdeveloped regions, seek to have access to the quality healthcare services in big cities, while reputable hospitals, especially specialized hospitals, that have experienced experts in treating certain types of disease or master advanced treatment methods, usually do not have enough capacity to accommodate a large number of patients across China, leading to disparities in the access to healthcare services in China.

Benefits of the System and Planned Use of Proceeds

According to the CIC Report, telemedicine system helps balance the healthcare resource across China and provides patients in underdeveloped regions with access to superior medical resource without visiting hospitals in-person. Telemedicine system with wearable device technologies can achieve long-distance patient and clinician contact, care, advice, monitoring and intervention. With integrated sensor design, wearable devices are able to achieve efficient and secure wireless transmission of the medical data from the patient-side to the doctor-side. In replacement of or complement to in-office diagnoses and evaluations, telemedicine solutions enable doctors to offer real-time diagnostic consultations, give instructions and monitor rehabilitation remotely, and thereby shorten the duration of treatment and lower treatment costs. By enabling patients with limited healthcare resources to have access to more flexible healthcare service options and allowing them to receive convenient healthcare services, telemedicine system benefits patients by reducing medical costs, as well as eliminating the risk of infection of other diseases at hospitals. See "Business — Our Key Solutions — Solutions for Healthcare Institutions — Telemedicine System."

We plan to conduct a series of system enhancements to refine our telemedicine system to capture the emerging market opportunities. Such system enhancements include (1) introducing new evaluation programs to our telemedicine system, which will include program to assess patients' attention, and program for patients' self-evaluation of their rehabilitation process through mobile applications; and (2) introducing interactive module including mini games on mobile applications reflecting reactions of patients during the real-time assessment of patients by healthcare professionals.

We also plan to focus on research and development of software to be used for computer chips utilized only in brain disease area, wearable devices and technologies applied in health examination and diagnostic assistance. We intend to develop software that enable computer chips for both the patient-side and the doctor-side to follow the same protocol standards and technical parameters, which will enable collection of more physical and medical information of patients to achieve seamless and wireless transmission, docking and switching of medical data at both ends.

Factors and Measures to Capture Market Demand

According to the CIC Report, there were over 50 market players in the market of telemedicine system in China in 2019. According to the CIC Report, we have competitive advantage over our competitors as our established healthcare customer network and our experience in developing and implementing our medical quality control and safety warning system have laid the foundation and built connections for us to explore business opportunities and promote our telemedicine system. Particularly, our previous cooperation with healthcare customers enabled us to build customer trust and provide us with first-hand information relating to such customers' further demands and their specific IT infrastructure requirements, which will help us to conduct targeted promotions during the negotiation process to demonstrate our ability and procure new engagements from such customers.

In addition, our cooperating partner for our telemedicine system, Fudan University, is one of the most reputable research institutes in China in the field of brain diseases, according to the CIC Report. There are also six hospitals that are authoritative in diagnosis and treatment for brain diseases, which applied our telemedicine system for approximately 1,000 patients during the Track Record Period. Our cooperation with Fudan University and the follow-on implementation of our telemedicine system in the authoritative hospitals in the field of brain diseases have already built for us good reputation in the field of telemedicine solution for brain diseases. We believe our good reputation will enhance our market presence to gain potential customers. Particularly, we can use our good reputation and successful case study to actively seek to present our telemedicine system to hospitals specialized in diagnosis and treatment for brain diseases at industry forums, conferences and seminars and demonstrate the competence of our system to alleviate the healthcare resources constraints and provide flexible healthcare service options to patients in underdeveloped regions, which will enable us to educate healthcare customers and form their habits and preference of adopting the telemedicine system in the long run. With the experience accumulated from developing our telemedicine system for brain diseases, we believe it is important to enhance our early-mover advantages in the market of telemedicine solution with planned use of the net proceeds and leverage such advantage to expand our customer base and obtain new business opportunities. See "— (3) Expansion Plan" for our detailed plan to sell our telemedicine system to our existing customers and new customers.

Project Progress and Projects under Negotiation

As of the Latest Practicable Date, we had five ongoing contracts of our telemedicine system for a reputable medical research institution and a biotechnology company with a total contract value of RMB6.0 million. As of the Latest Practicable Date, we had two projects under negotiation with aggregate budget amount from our potential customers of two reputable Class III Grade A hospitals of more than RMB2.0 million for our telemedicine system.

(iv) Approximately 10.0% of the net proceeds, or approximately HK$65.0 million, to be used to develop a new solution of intelligent healthcare platform.

Analysis of Market Demand

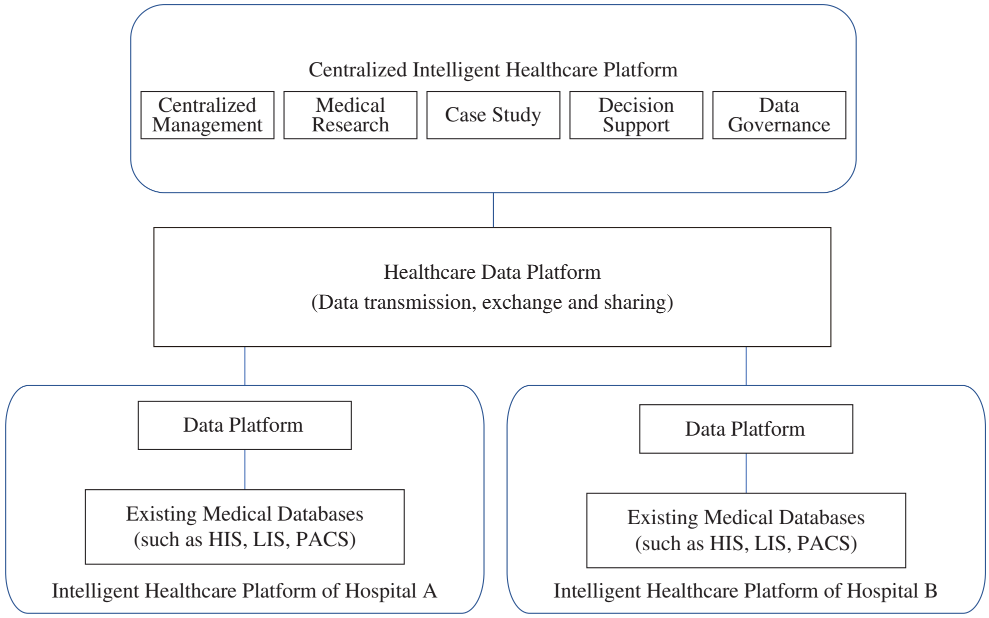
As compared to the medical quality control and safety warning system, which focuses on the monitoring and management of the behavior of healthcare professionals, the intelligent healthcare platform emphasizes the tracking and sharing information of patients. Both the medical quality control and safety warning system and the intelligent healthcare platform demand strong data analysis capability, and solution providers of medical quality control and safety warning system usually leverage their previous experience in data analysis to set up standardized data sharing and exchanging mechanism among healthcare institutions through the development of intelligent healthcare platforms, according to the CIC Report. According to the CIC Report, with more medical data being digitalized and shared among hospitals, healthcare institutions focus more on data standardization through the deployment of intelligent healthcare platform. According to the CIC Report, the market size of intelligent healthcare platform in China is expected to experience a rapid growth and reach RMB3,056.5 million in 2026, representing a CAGR of 36.1% from 2019 to 2026. According to the CIC Report, the intelligent healthcare platform tends to have relatively high average contract value as compared to other healthcare IT solutions, given that the intelligent healthcare platform is generally implemented across a group of healthcare institutions and requires more complex system implementation and high manpower investment. According to the CIC Report, intelligent healthcare platform is defined as an innovative software-driven solution for healthcare institutions for the following reasons: (1) intelligent healthcare platform demand strong data analysis capability, and the technologies applied are advanced technologies in the IT solution industry; and (2) the platform enable hospitals to set up standardized data sharing and exchanging mechanism among healthcare institutions to improve the traditional medical data management.

Through our in-depth communication with our customers in the healthcare industry, we noticed that many healthcare institutions intend to achieve information sharing on a group level to comprehensively understand treatment histories of patients, simplify medical record query and tracking and facilitate medical research.

Benefits of the System and Planned Use of Proceeds

We plan to develop a new solution, intelligent healthcare platform through the investment into the areas as set forth in "(1) Breakdown of 80.0% of the Net Proceeds by Investment Nature", which can support multi-source data integration, classification, storage, query and analysis, reorganize and display medical data of patients in a unified form to set up a standardized data sharing and exchange mechanism among healthcare institutions, simplify medical record query process and achieve data input/output and project management, achieve holographic presentation of patients' status, and enable the intelligent analysis of patients' disease pattern.

The following diagram illustrates how our intelligent healthcare platform operates, including among others, how it sources patients' information data and status and share among healthcare institutions.



Our intelligent healthcare platform deploys data platforms at each hospital and collects medical data from hospitals' existing medical databases, such as HIS, LIS and PACS, through such data platforms and conducts data analysis at such data platforms. Our intelligent healthcare platform then collects medical data from data platforms of each hospital and conducts data transmission and exchange to track and share patients' information and status among hospitals using a standardized data sharing and exchanging mechanism through a healthcare data platform. During the process, our system adopts data collection and preprocessing technology and distributed computing technology to conduct massive medical data collection, processing and calculation among the hospitals, and the massive medical data dispatched in various systems will be processed to form the basic data required by various analysis and research models. Our system utilizes the image and text recognition technology to identify and extract key information in medical records, examination results and other data. Our system also utilizes data visualization technology to display diagrams and charts to enhance the intuitiveness of the data results. Hospitals that intend to deploy intelligent healthcare platform must enter into data sharing agreements to authorize data access among each other before using intelligent healthcare platform. In general, the scope of such data sharing and exchanging typically includes clinical study data and medical records data of patients, but does not include patients' other personal information. The data is encrypted in the process of storage and transmission, and cannot be downloaded or exported. The healthcare data platform also delivers the medical data to the centralized intelligent healthcare platform for centralized data management and governance to facilitate medical research collaborations among hospitals, educational institutions and research institutes.

According to the CIC Report, hospital groups, healthcare institutions affiliated with same research institutes and regional hospitals that have not formed information sharing demand to achieve medical data sharing within their respective group through a standardized data sharing and exchange mechanism. Leveraging our data analysis capability accumulated through the development of our medical quality control and safety warning system, we intend to set up a standardized data sharing and exchanging mechanism among healthcare institutions to enable them to have access to the same patient's medical data in a unified form through our intelligent healthcare platform.

In addition, our intelligent healthcare platform will optimize healthcare services provided by healthcare professionals by helping them formulate accurate treatment plans after restructuring and analyzing the treatment histories of the patients who received treatments from different hospitals through information sharing. Our intelligent healthcare platform will benefit patients by enabling them to have accurate, timely and personalized knowledge about their treatment histories. Our intelligent healthcare platform will assist the research of various types of disease for medical research institutions by offering massive and highly standardized and integrated medical data to support data exploration, data analysis, and the establishment of intelligent medical knowledge base.

As compared to the medical quality control and safety warning system, which focuses on the monitoring and management of the behavior of healthcare professionals on the healthcare institution level, the intelligent healthcare platform emphasizes the tracking and sharing of patients' information and status among healthcare institutions. For example, by setting up a standardized data sharing and exchanging mechanism among healthcare institutions, we intend to enable different healthcare institutions to have access to the same patient's medical data in a unified form and simplify the medical record query process, through our intelligent healthcare platform. Although patients do not necessarily visit healthcare institutions which have installed our intelligent healthcare platforms, healthcare institutions can benefit from such platform as it enables healthcare institutions to achieve standardized data sharing and exchange as well as intelligent analysis, which can promote more efficient and accurate diagnosis, and can also provide healthcare institutions with a wider range of data for medical research. Both medical quality control and safety warning system and the intelligent healthcare platform can be applied to hospitals, while the intelligent healthcare platform targets a wider group of customers, such as healthcare research institutes and public health authorities. We believe there is adequate market demand for the intelligent healthcare platform as the intelligent healthcare platform can realize the interconnection of key information from different healthcare institutions, enable data sharing and research collaborations among hospitals, educational institutions and research institutes, and effectively collect and provide healthcare institutions with a wider range of data for medical research. We also believe that our intelligent healthcare platform will help us expand our healthcare customer base as it targets a wider group of customers, such as healthcare research institutes and public health authorities, diversify our revenue streams and allow us to further enhance technological capability in healthcare data sharing and analytics.

Factors and Measures to Capture Market Demand

The market of innovative healthcare IT solutions is highly fragmented and is at an early stage, according to the CIC Report, making it fairly easy for us to break into the sub-segments of such market and capture the emerging demands, leveraging our healthcare customer network and robust technological capabilities. According to the CIC Report, there were over 30 market players in the market of intelligent healthcare platform in China in 2019. According to the CIC Report, we have competitive advantage over our competitors as we accumulated abundant system development experience with a focus on providing innovative healthcare IT solutions. Based on our previous experience in the development and sales of our medical quality control and safety warning system and other innovative healthcare IT solutions, we believe it is crucial for us to develop and promote our intelligent healthcare platform ahead of others with planned use of the net proceeds by, among others, presenting and proving the benefits and flexibility of our intelligent healthcare platform and educating the healthcare institutions to form the habit of using such platform in the long run, when the relevant market is still growing at an early stage, in order to quickly break into such market segment, gain early-mover advantages and establish our market presence.

During the Track Record Period, we have established our market presence by providing our innovative healthcare IT solutions to 53 healthcare institutions and entered into cooperative arrangements with 240 hospitals, as of June 30, 2020. Through our in-depth communication with these healthcare institutions, we identified demands from them to, among others, achieve medical quality control and information sharing at a group level, which will allow us to cross sell our intelligent healthcare platform to hospitals with such demand. See "— (3) Expansion Plan" for our detailed plan to sell our intelligent healthcare platform to our existing customers and new customers.

In addition, we will also actively participate in industry seminars, regional forums and conferences to promote our intelligent healthcare platform. In these seminars, forums and conferences, we plan to solicit new customers by demonstrating our proven capabilities to develop innovative healthcare IT solutions, cooperated with reputable research institute in developing the telemedicine solution, and substantially all of our healthcare customers are top-tier healthcare institutions, including many reputable Class III Grade A hospitals. We believe such proven track record will help us demonstrate our ability and experience as well as the competitiveness of our healthcare IT solutions, to new customers and procure engagements from such customers.

Project Progress and Projects under Negotiation

As of the Latest Practicable Date, we had two ongoing contracts for our intelligent healthcare platform for a reputable healthcare technology enterprise with a total contract value of RMB10.0 million. As of the Latest Practicable Date, we did not have awarded projects for which we have not yet entered into contracts and commenced work for our intelligent healthcare platform. As of the Latest Practicable Date, we submitted tender to procure engagement for one project of such system with a group of four reputable Class III Grade A hospitals with an expected total contract value of approximately RMB99.0 million. As of the Latest Practicable Date, we had two projects under negotiation with aggregate budget amount from our potential customers, consisting of a reputable Class III Grade A hospital and a provincial center for disease control and prevention, of more than RMB50.0 million for our intelligent healthcare platform.

Breakdown of 20.0% of the Net Proceeds to be Used for our RPA Solution

In addition to develop our innovative healthcare IT solutions, we plan to invest 20.0% of the net proceeds to continue to develop and upgrade our RPA solution for financial institutions.

(i) Approximately 20.0% of the net proceeds, or approximately HK$130.0 million, to be used to upgrade our RPA solution.

Analysis of Market Demand

According to the CIC Report, the RPA solution market in China continuously benefits from various favorable government policies including the *Notice of the State Council on Issuing the Development Plan on the New Generation of Artificial Intelligence (國務院關於印發新一代人工智能發展規劃的通知)*, the *Notice of the Ministry of Science and Technology on Issuing the Work Guidelines for the Construction of National Open Innovation Platforms for the New Generation Artificial Intelligence (科技部關於印發《國家新一代人工智能開放創新平台建設工作指引》的通知)*, and the *Notice by the Ministry of Science and Technology of Issuing the Guidelines for Work to Construct National Pilot Zones for Innovative Development of New-Generation Artificial Intelligence (科技部關於印發《國家新一代人工智能創新發展試驗區建設工作指引》的通知)*. According to the CIC Report, the market size of RPA solution for finance institutions in China is expected to experience a rapid growth and reach RMB2,712.3 million in 2026, representing a CAGR of 36.0% from 2019 to 2026.

Benefits of the System and Planned Use of Proceeds

According to the CIC Report, RPA solution helps optimize operational efficiency of financial institutions by replacing labor intensive procedures with process automation through robotic execution, and financial institutions demand application of RPA technology in a wide range of business scenarios. RPA solution is able to perform the functions of, among others, data capturing, data input, data analysis, application log in, information query and document management. See "Business — Our Key Solutions — Solutions for Financial Institutions — Innovative Software-driven Solutions — Solutions Powered By Data Analysis and Image and Text Recognition Technologies."

Driven by growing demand from financial institutions, we plan to develop new modules of financial risk control on our RPA platform by using NLP technologies to conduct intelligent auditing, financial risk early warning and anti-money laundering compliance for financial institutions. We also intend to add a new module of automatic business approval on our RPA platform, which will utilize advanced optical character recognition technologies to facilitate the recognition of financial instruments and achieve automatic business approval for certain types of financial services, including consumer finance and account opening, to improve operational efficiency and lower the labor costs for financial institutions.

According to the CIC Report, banks that do not apply RPA solution usually engage a large number of employees to identify client information and conduct business approval for clients manually which usually incurs significant labor costs. Optical character recognition technologies can enable our RPA platform to automatically identify client information with improved accuracy and efficiency based on the image documents submitted by clients, such as identity, asset and license documents. With the collected and identified client information, our RPA solution can trigger the corresponding review and approval process to achieve automatic business approval based on threshold assessment for review requirements. Driven by the demand from financial institutions to enhance control of robot software in our RPA solution, we plan to develop a screen recording module that uses video capture technology to record the actions of robot software and generates video streams to enable review of robot software's actions and facilitate error spotting and process improvement. We also plan to improve the design process of robot software by using machine deep learning technologies to classify user actions and enabling robot software to efficiently repeat user actions, which will greatly shorten the time incurred for the design process of robot software.

Factors and Measures to Capture Market Demand

According to the CIC Report, there were less 30 RPA solution providers and we were one of less than ten domestic RPA solution providers for financial institutions in China that successfully commercialized RPA solution and generated revenue, as of March 31, 2020. As of March 31, 2020, approximately 0.5% of all the financial institutions and approximately 1.2% of all the banks in China have deployed RPA solution, according to the CIC Report. During the Track Record Period, we provided IT solutions, namely our traditional software driven solutions and innovative software driven solutions for the use by over 80 financial institutions and we have developed a loyal financial customer base. In 2018, 2019 and the six months ended June 30, 2020, all of our customers for the preceding year continued their cooperation relationships with us through maintenance of existing contracts, contract renewal and/or engagements for new projects. Leveraging our good relationship with financial customers, proven technological capabilities and experience in the development and implementation of finance IT solutions, we plan to cross sell our RPA solution to the financial institutions which already deployed our traditional software-driven solutions, to enable them to improve operational efficiency by replacing labor intensive procedures with process automation through our RPA solution. During the Track Record Period, there was one top-tier trust company that adopted both our RPA solution and traditional software-driven solutions.

We also plan to regularly gather feedback from our existing customers in finance industry and keep track of the new business scenarios and regulatory requirements. In particular, through the daily use of our RPA solution, our customers may identify new application scenarios, demand deployment of more robot software and expect faster processing speed of robot software, which will create demand for our system upgrade services. Moreover, we plan to expand our customer base and obtain new business opportunities by having our sales and marketing staff actively conducting extensive pre-sales market research to identify potential customers, carrying out on-site pitching and business discussions with potential customers for new engagements and setting up hotlines for inquiries.

Project Progress and Projects under Negotiation

As of the Latest Practicable Date, we had two ongoing contracts for our RPA solution for two top-tier financial institutions with a total contract value of RMB7.2 million. As of the Latest Practicable Date, we had one tendered project for our RPA solution for a top-tier financial institution with the contract value of RMB2.0 million, and we had seven projects under negotiation with aggregate budget amount from our potential customers, all of which were top-tier financial institutions or enterprises, of more than RMB6.0 million for our RPA solution.

Similar as our healthcare IT solutions, our backlog for financial IT solutions at the end of a period also do not fully indicate our financial performance in the next period, as the backlog does not take into account the projects under negotiation, which are initiated before we submit tenders or initiate detailed business negotiations for direct engagements. For our financial IT solutions, our backlog at the end of 2017 only accounted for approximately 41.7% of our total revenue recognized in 2018, and our backlog at the end of 2018 only accounted for approximately 30.3% of our total revenue recognized in 2019. Therefore, the period end backlog shed little light on the revenue for the next period.

(3) Expansion Plan

The following table sets forth the number of our ongoing contracts, awarded projects, tendered projects and future projects as of the Latest Practicable Date and our allocation plan of our existing technical staff and new technical staff for such contracts. We will allocate our existing technical staff and new technical staff to different projects based on the project needs considering the project nature, duration and complexity, the capacity of our technical staff and completion status of previous projects. As we will allocate our existing technical staff and new technical staff based on a comprehensive and overall evaluation of our business needs, including considering future projects to be obtained and new employees to be recruited, we will not allocate all of our existing technical staff to our ongoing contracts or allocate all of our new technical staff to our future projects. Among the new technical staff to be recruited, we expect to allocate 82 new technical staff to IT solutions for financial institutions and 268 new technical staff to IT solutions for healthcare institutions. We estimate the number of our future projects mainly based on the scale of our existing financial and healthcare customer network, our customers' needs for system upgrade services and maintenance services, and our expansion plan to cross sell our IT solutions to our existing customer network, acquire new customers and expand our market into more geographical regions. The number of future projects is only an estimation for the five years after the Listing and does not represent the actual number of projects that we will obtain and shall not be relied on as any indicator for our future performance.

		Staff allocation(4)	
	Number of contracts/projects	**Existing technical staff**	**New technical staff**
Ongoing contracts(1)	136	238	43
– IT solutions for financial institutions	111	196	15
– IT solutions for healthcare institutions	24	39	28
– IT solutions for other enterprises	1	3	Nil
Awarded projects(2)	52	109	72
– IT solutions for financial institutions	30	60	17
– IT solutions for healthcare institutions	22	49	55
– IT solutions for other enterprises	Nil	Nil	Nil
Tendered projects(3)	22	15	48
– IT solutions for financial institutions	16	10	20
– IT solutions for healthcare institutions	6	5	28
– IT solutions for other enterprises	Nil	Nil	Nil
Future projects(4)	1,295(5)	To be allocated	187
– IT solutions for financial institutions	611	To be allocated	80
– IT solutions for healthcare institutions	618	To be allocated	107
– IT solutions for other enterprises	66	To be allocated	Nil

Notes:

(1) Ongoing contracts are contracts which are in progress as of the Latest Practicable Date. We allocate our technical staff to our ongoing contracts based on the actual workload of each ongoing project, the progress of such projects and the capacity of our technical staff.

(2) Awarded projects are projects with our engagement confirmed but we have not yet started implementation as of the Latest Practicable Date. We allocate our technical staff to our awarded projects based on our estimation of project workload and the staff allocation on previous similar projects.

(3) Tendered projects are projects which are under the process of tendering as of the Latest Practicable Date. We allocate our technical staff to our tendered projects based on the expected workload and project length estimated on the basis of specific customers' needs learned through our communication during and after tendering processes.

(4) The staff allocation is estimated based on the number of contracts, the expected duration and the complexity of the projects of ongoing contracts, awarded projects and tendered projects. For future projects, we allocate technical staff to ensure adequate staffing for new business opportunities within five years after the Listing. The current staff allocation for our future projects is only an estimation based on the estimated number of the future projects, the estimated duration and the complexity of the projects and the assumption that our staff allocation remains consistent with that during the Track Record Period. We estimate the number of our future projects mainly based on the scale of our existing financial and healthcare customer network, our customers' needs for system upgrade services and maintenance services, and our expansion plan to cross sell our IT solutions to our existing customer network, acquire new customers and expand our market into more geographical regions. Other than the 187 new technical staff listed in the table for future projects, we will also allocate our existing technical staff and other new technical staff to our future projects, which will be made based on the projects needs considering the project nature, duration and complexity, the capacity of our technical staff, and the completion status of previous projects. There will be no material difference between our technical staff allocation for future projects and that for our existing projects of similar nature and scale.

(5) The number of future projects is estimated for the five years after the Listing based on (i) the total number of our completed contracts of 311 during the Track Record Period, (ii) our cooperation arrangements entered into with 240 hospitals for our medical quality control and safety warning system as of June 30, 2020, (iii) our initiated negotiations with potential customers to procure engagement for our IT solutions and (iv) our expansion plan to cross sell our IT solutions to existing customers, and acquire new customers by expanding our market into more geographical regions.

During the Track Record Period, we assign our technical staff to different projects based on specific project needs and our employees' expertise, and our technical staff may work on several projects during a period, depending on the project progress and their workload during such period. During the Track Record Period, we assigned a total of 288, 22, 118 and 21 technical staff to our medical quality control and safety warning system, clinical pathway management system, RPA solution and telemedicine system.

We expect to leverage our existing healthcare customer network as of June 30, 2020 covering healthcare customers with which we have entered into agreements and 240 hospitals with which we have entered into cooperative arrangements to constantly upgrade our existing systems in response to our customers' feedback and newly identified demands and to cross sell our other healthcare IT solutions to our existing customers. For our medical quality control and safety warning system, we intend to provide system upgrades for over 200 hospitals by the end of 2025, following their implementation of the initial version of our medical quality control and safety warning system. For our clinical pathway management system, we plan to cross sell such system to approximately 150 hospitals within our current healthcare customer network by the end of 2025. For our telemedicine system and intelligent healthcare platform, we plan to cross sell such system to approximately 20 hospitals and 32 hospitals, respectively, within our current healthcare customer network by the end of 2025. In terms of our RPA solution, we expect to leverage our existing customer network in the finance industry in China as of June 30, 2020 and cross sell our RPA solution to approximately 60 financial institutions within our existing customer network in finance industry.

We also plan to acquire new customers and expand our market into more geographical regions. For our medical quality control and safety warning system, we plan to promote the sale of such system to approximately 400 new healthcare customers by the end of 2025. For our clinical pathway management system, telemedicine system and intelligent healthcare platform, we plan to promote the sale of such systems to approximately 80, 40 and 32 new healthcare customers, respectively, by the end of 2025. For our RPA solution, we plan to promote the sale of such solution to approximately 120 new customers in finance industry by the end of 2025.

Based on the sales and promotion plans as described above, and given that we have entered into cooperative arrangements with 240 hospitals to implement our medical quality control and safety warning system, which requires significant manpower investment, we believe that there will be sufficient demand from both existing and potential new customers to support our plan of hiring approximately 350 technical staff.

(4) Analysis of Impact on Our Financial Performance

A portion of the above investment is expected to be capitalized and the rest is expected to be expensed. We only capitalize expenditure incurred on projects to develop new solutions and upgrade existing solutions when we can demonstrate the technical feasibility of completing relevant intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, the future economic benefits to be generated from such asset, the availability of resources to complete relevant projects, and our ability to measure reliably the expenditure during the development. For expenditure incurred on projects that does not meet the aforementioned criteria for capitalization, it will be expensed when incurred. The details of the capitalization portion and expenses portion are set forth as below:

(i) The investment of approximately HK$230.1 million in recruiting technical staff and relevant staff cost incurred will be capitalized on projects to develop new solutions and upgrade existing solutions when we can demonstrate the technical feasibility of completing relevant intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, the future economic benefits to be generated from such asset, the availability of resources to complete relevant projects, and our ability to measure reliably the expenditure during the development. For expenditure incurred on projects that does not meet the aforementioned criteria for capitalization, it will be expensed when incurred. It should be noted that not all staff costs incurred by our technical staff will be categorized under our research and development expenses as our technical staff may also be involved in project execution;

(ii) The investment of approximately HK$167.6 million in purchasing software and equipment will be fully capitalized and amortized in straight-line for five years;

(iii) The investment of approximately HK$86.7 million in purchase and renovation of office will be fully capitalized and depreciated in straight-line for fifty years (for office leases during the transition period, it will be expensed when incurred); and

(iv) The investment of approximately HK$35.6 million in cooperation with industry experts and authorities regarding the research and development of IT solutions and the improvement of technical capabilities will be fully expensed.

The following table analyzes the potential adverse impact on our financial results in relation to the planned use of 80.0% of the net proceeds, or approximately HK$520.1 million, for upgrading existing solutions and developing new solutions for the years ended December 31, 2021, 2022, 2023, 2024 and 2025, respectively. As illustrated below, such planned use of 80.0% of the net proceeds is expected to adversely impact our net profit by HK$21.0 million in 2021, HK$35.5 million in 2022, HK$64.7 million in 2023, HK$78.5 million in 2024 and HK$143.9 million in 2025.

	2021	2022	2023	2024	2025	Total
			(HK$ in million)			
Recruitment and training of technical staff	10.2	16.5	40.4	51.6	103.2	221.9
Depreciation or amortisation of the software products and equipments	5.4	10.5	14.5	18.5	30.9	79.8
Depreciation for purchasing and renovating office	0.4	1.1	1.1	1.3	2.3	6.2
Cooperation with industry experts and authorities	5.0	7.4	8.7	7.1	7.5	35.7
Total	21.0	35.5	64.7	78.5	143.9	343.6

For relevant risk, please see "Risk Factors — Risks Relating to Our Business and Industry — We face risks and uncertainties regarding the evolving IT solution market, which impose a significant burden on the research and development and maintenance of our solutions."

2. Approximately 10.0% of the net proceeds, or approximately HK$65.0 million, to be used primarily for enhancing our sales and marketing efforts

To capture the emerging opportunities in our target markets, we plan to increase our investment in sales and marketing efforts significantly which we believe will enable us to expand our business, enlarge our customer base and broaden our geographical coverage. Approximately 5.4% of the net proceeds, or approximately HK$35.4 million will be invested in the various marketing events. We plan to actively organize and participate in various industry events, such as industry forums, seminars, conferences and solution showcases, to strengthen our relationships with existing customers and build relationships with potential customers. We plan to organize or participate in at least two marketing events on an annual basis to promote our IT solutions for financial institutions or healthcare institutions.

Approximately 4.6% of the net proceeds, or approximately HK$29.6 million will be used to recruit a total of approximately 40 sales and marketing staff within five years after the Listing and provide trainings for our sales and marketing staff. We plan to recruit approximately eight sales and marketing staff with experience and skills in the sales and marketing of finance IT solutions to cover more customers in the finance industry and recruit approximately 32 sales and marketing staff with extensive skills in sales and marketing and profound understanding of healthcare IT solutions to promote the sales of our healthcare IT solutions and enhance our market expansion and penetration. During the Track Record Period, we had expanded our business into 19 provinces, autonomous regions and municipalities in China, including Beijing, Heilongjiang, Hebei, Liaoning, Henan, Shandong, Shaanxi, Jiangsu, Zhejiang, Shanghai, Hunan, Jiangxi, Fujian, Guangdong, Chongqing, Gansu, Shenzhen, Xianjiang and Tibet. We plan to expand into Hubei, Yunnan, Guizhou, Guangxi and Qinghai using the net proceeds from the Global Offering. See "Risk Factors — Risks Relating to Our Business and Industry — If our new solutions and services are not effectively promoted or do not achieve market acceptance, our business, results of operations and financial condition may be materially and adversely affected."

3. The remaining up to approximately 10.0% of the net proceeds, or approximately HK$65.0 million, to be used primarily for working capital and other general corporate purposes

The above allocation of the net proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus.

If the Offer Price is determined at the highest point of the stated range, the net proceeds to our Company would be increased to approximately HK$771.6 million after deducting underwriting commission and other estimated listing expenses payable by us, assuming that the Over-allotment Option is not exercised. If the Offer Price is determined at the lowest point of the stated range, the net proceeds to our Company would be decreased to approximately HK$528.6 million after deducting underwriting commission and other estimated listing expenses payable by us, assuming that the Over-allotment Option is not exercised.

In the event that the Over-allotment Option is exercised in full, we will receive net proceeds of HK$754.1 million (assuming an Offer Price of HK$3.71 per Share, the midpoint of our indicative Offer Price range) after deducting underwriting commission and other estimated listing expenses payable by us. We will apply the additional net proceeds to the above uses in the proportion stated above.

To the extent that the net proceeds are not immediately applied to the above purposes, we will deposit the net proceeds into short-term demand deposits with licensed financial institutions.

HONG KONG UNDERWRITERS

Mont Avenir Capital Limited
SPDB International Capital Limited
Futu Securities International (Hong Kong) Limited
AMTD Global Markets Limited
China Merchants Securities (HK) Co., Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 10% Hong Kong Public Offer Shares and the International Offering of initially 90% International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms at the Offer Price.

Subject to, among other conditions, (a) the Listing Committee granting approval for listing of, and permission to deal in, the Shares to be offered under the Global Offering as mentioned in this prospectus (including any additional Shares which may be issued upon the exercise of the Over-Allotment Option and upon the exercise of the Post-IPO Share Option) and such approval not having been subsequently revoked and (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed between the Sole Global Coordinator (on behalf of the Underwriters) and the Company), the Hong Kong Underwriters have agreed, severally but not jointly, to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Public Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Public Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. The Sole Global Coordinator (on behalf of the Hong Kong Underwriters) has the right, in its sole and absolute discretion, to terminate the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement by giving notice in writing to our Company, if it sees fit upon the occurrence of any of the following events:

(a) there has come to the notice of the Sole Global Coordinator:

   (i) any material breach of any of the warranties, obligations or undertakings imposed upon our Company or any of our Controlling Shareholders to any provision of the Underwriting Agreements; or

(ii) any statement contained in this prospectus, the Application Forms, announcement or the formal notice (the "**Public Offer Documents**") to be published by us in connection with the Hong Kong Public Offering, was or has become or been discovered to be untrue, incorrect or misleading in any respect, or that any forecast, expression of opinion, intention or expectation expressed in any of the Public Offer Documents is not, fair and honest and based on reasonable assumptions, when taken as a whole; or

(iii) any person (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Public Offer Documents or to the issue of any of the Public Offer Documents; or

(iv) any event, act or omission which gives or is likely to give rise to any liability of our Company under the Hong Kong Underwriting Agreement pursuant to the indemnity provisions of the Hong Kong Underwriting Agreement; or

(v) any adverse change or development involving a prospective adverse change in the assets, liabilities, conditions, business, general affairs, management prospects, profits, losses or the financial or trading position or performance or management of our Group; or

(vi) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission from this prospectus, the Application Forms, announcement or the formal notice or other documents issued or used by our Company in connection with the Hong Kong Public Offering; or

(vii) approval by the Listing Committee of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option and upon the exercise of the Post-IPO Share Option) is refused or not granted (other than subject to customary conditions) or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(b) there shall develop, occur, exist or come into effect:

(i) any material change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional, international, financial, political, economic, legal, military, industrial, fiscal, regulatory, currency, or market conditions (including, without limitation, any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the American Stock Exchange, the Nasdaq National Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or a material fluctuation in the exchange rate of the Hong Kong dollar or the RMB against any foreign currency, or any interruption in monetary or trading or securities settlement or clearance services or procedures or matters) in or affecting the Cayman Islands, Hong Kong, the PRC, the United States, the United Kingdom, or the European Union (or any member thereof) (the "**Relevant Jurisdictions**"); or

(ii) any new law or regulation or any change or development involving a prospective change or any event or circumstances likely to result in a change or development involving a prospectus in any existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or

(iii) any event, or series of events, beyond the reasonable control of the Hong Kong Underwriters (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, Middle East Respiratory Syndrome, avian influenza (H5N1 and H7N9), Swine Flu (H1N1), Ebola, Zika, novel coronavirus or such related or mutated forms) or interruption or delay in transportation) in or affecting any of the Relevant Jurisdictions; or

(iv) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in those places or jurisdictions; or

(v) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for Relevant Jurisdictions; or

(vi) any material change or prospective change in, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(vii) the commencement by any governmental, regulatory or political body or organization of any action against an executive Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organization that it intends to take any such action; or

(viii) material non-compliance by our Company with this prospectus (and/or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect or this Global Offering with the Listing Rules or any other applicable regulation; or

(ix) a valid demand by any creditor for repayment or payment of any material indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(x) any litigation or claim of any third party being threatened or instigated against any member of our Group; or

(xi) any material contravention by any member of our Group or any Director of the Companies (Winding up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the SFO or any of the Listing Rules;

which in the sole opinion of the Sole Global Coordinator (for itself and on behalf of Hong Kong Underwriters) and after consultation with our Company:

(a) is or shall have or could be expected to have a material adverse effect on the business, financial or other condition or prospects of our Group as a whole or in the case of (ix) above, to any present or prospective Shareholder in his, her or its capacity as such; or

(b) has or shall have or could reasonably be expected to have a material adverse effect on the success, marketability of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(c) makes it inadvisable, inexpedient or impracticable for the Global Offering to proceed.

Undertakings to the Stock Exchange under the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date) without the prior consent of the Stock Exchange, except (a) pursuant to the Global Offering and the Over-allotment Option, or (b) any of the circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules and Guidance Letter HKEX-GL89-16, each of our Controlling Shareholders has undertaken to the Stock Exchange and the Company that, except pursuant to the Global Offering and the Over-allotment Option and the Stock Borrowing Agreement, it shall not and shall procure that the relevant registered holder(s) shall not:

(a) in the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances (save for using as security, including a pledge or a charge, in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan) in respect of, any of the Shares or securities of our Company in respect of which he/it is shown by this prospectus to be the beneficial owners; and

(b) in the period of six months commencing on the date on which the period mentioned in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (save for using as security, including a pledge or a charge, in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan) in respect of, any of the Shares or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be our Controlling Shareholder(s).

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules and Guidance Letter HKEX-GL89-16, each of our Controlling Shareholders has also undertaken to the Stock Exchange that, within the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will:

(a) when he or it pledges or charges any Shares or other securities of our Company beneficially owned by him or it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such Shares or other securities of our Company so pledged or charged; and

(b) when he or it receives any indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities will be disposed of, immediately inform us of any such indications.

As Mr. Yuan and Earnest Kai will be beneficially interested in 27.30% of the enlarged share capital of the Company immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Yuan and Earnest Kai will not be regarded as our controlling shareholders as defined under the Listing Rules upon Listing and therefore he/it will only be subject to the above restrictions for a period of six months from the Listing Date pursuant to Note 3 to Rule 10.07(2) of the Listing Rules.

We have agreed and undertaken to the Stock Exchange that, we shall inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of our Controlling Shareholders and disclose such matters by way of an announcement as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

We have undertaken to the Sole Global Coordinator, the Sole Sponsor, the Lead Bookrunner, the Joint Bookrunners, the Lead Manager, the Joint Lead Managers and the Hong Kong Underwriters that we shall not, and, each of our Company, the executive Directors and our Controlling Shareholders jointly and severally undertake to the Hong Kong Underwriters to procure, except pursuant to the Global Offering and the Over-allotment Option as mentioned in this prospectus or with the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriter(s)) (such consent not to be unreasonably withheld or delay), and unless in compliance with the requirements of the Listing Rules, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six-Month Period**") that:

(a) our Company will not offer, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other securities of the Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company); or

(b) our Company will not, and will procure that our subsidiaries will not, enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital, debt capital or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company); or

(c) our Company will not, and will procure that our subsidiaries will not, enter into any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or

(d) our Company will not, and will procure that our subsidiaries will not, agree or contract to, or publicly announce any intention to enter into any transaction described in paragraph (a), (b) or (c) above; or

whether any of the foregoing transactions described in paragraph (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period); and

(e) our Company will ensure that if any of the transactions in paragraph (a), (b) or (c) above is entered into or agreed to be entered into during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), we will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of our Company.

Undertakings by our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has jointly and severally undertaken to our Company the Sole Sponsor, the Sole Global Coordinator, the Lead Bookrunner, the Joint Bookrunners, the Lead Manager, the Joint Lead Managers and the Hong Kong Underwriters that without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of all Hong Kong Underwriters) (which consent not to be unreasonably withheld or delayed) that:

(a) at any time during the First Six-Month Period, he/it shall not, and shall procure that the relevant registered holder(s) and his/its associates and companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not, without the prior written consent of the Sole Global Coordinator (which consent not to be unreasonably withheld or delayed) and unless otherwise in compliance with the requirements of the Listing Rules,

(i) offer, accept subscription for, sell, pledge, mortgage, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any share sale, lend or otherwise transfer or dispose of, either directly or indirectly, any of the share capital of our Company or any securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital, debt capital or other securities of our Company or any interest therein;

(iii) enter or agree to enter into, conditionally or unconditionally, or effect any of the transaction with the same economic effect as any transaction referred to in paragraph (a)(i) or (ii) above; or

(iv) agree, or contract to, or publicly announce any intention to enter into or effect any of the transaction referred to in paragraph (a)(i), (ii) or (iii) above;

whether any of the foregoing transactions described in paragraph (a)(i), (ii) or (iii) above is to be settled by delivery of share or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so; and

(b) at any time during the Second Six-Month Period, he/it shall not, and shall procure that the relevant registered holder(s) and his/its associates and companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not, without the prior written consent of the Sole Global Coordinator (which consent not to be unreasonably withheld or delayed) and unless pursuant to the Stock Borrowing Agreement and/or otherwise in compliance with the Listing Rules, enter into any of the foregoing transactions in paragraph (a) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be our Controlling Shareholder or would together with the other Controlling Shareholders cease to be, or regarded as, Controlling Shareholders;

(c) at any time before the expiry of the Second Six-Month Period, in the event that he/it enters into any transaction referred to in paragraph (a) above or agrees or contracts to or publicly announces any intention to enter into such transactions, he/it shall take all reasonable steps to ensure that such action shall not create a disorderly or false market for any Shares or other securities of our Company;

Each of our Controlling Shareholders has further undertaken jointly and severally during the first twelve months from the Listing Date, he/it will:

(a) when he/it pledges or charges any Shares or other securities or interests in the securities of our Company in respect of which he/it is the beneficial owner, immediately inform our Company, the Sole Sponsor, the Sole Global Coordinator in writing of such pledges or charges together with the number of Shares or other securities of our Company and nature of interest so pledged or charged; and

(b) when he/it receives any indication, whether verbal or written, from any pledgee or charge that any of the pledged or charged Shares or securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company, the Sole Sponsor and the Sole Global Coordinator in writing of such indications.

As Mr. Yuan and Earnest Kai will be beneficially interested in 27.30% of the enlarged share capital of the Company immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), Mr. Yuan and Earnest Kai will not be regarded as our controlling shareholders as defined under the Listing Rules upon Listing and therefore he/it will only be subject to the restrictions during the First Six-Month Period under paragraph (a) above.

Each of our Company and our Controlling Shareholders undertake with the Hong Kong Underwriters that it shall comply with all restrictions and requirements under the Listing Rules (as may be amended from time to time) on the disposal by it or by the registered holder of any Shares or other securities of our Company in respect of which it is, or is shown by this prospectus to be, the beneficial owner.

The International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with, inter alia, the International Underwriters, on terms and conditions that are substantially similar to the Hong Kong Underwriting Agreement as described above and on the additional terms described below. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions, will severally agree to subscribe or purchase or procure subscribers or purchasers for the International Offering Shares being offered pursuant to the International Offering.

Our Company will grant to the Sole Global Coordinator the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time from the date of the Price Determination Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering (i.e. Saturday, January 23, 2021), to require our Company to allot and issue up to an aggregate of 30,000,000 additional Shares, representing 15% of the number of Offer Shares initially offered under the Global Offering, at the same price per Share under the International Offering to cover over-allocations (if any) in the International Offering.

Commission and expenses

The Hong Kong Underwriters will receive an underwriting commission at the rate of 2.0% of the aggregate Offer Price payable for the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering and the International Underwriters will receive an underwriting commission at the rate of 2.0% of the aggregate Offer Price payable for the International Offer Shares that are placed by the International Underwriters (including the Shares to be issued pursuant to the Over-allotment Option, if any). In each case, the Underwriters will pay any sub-underwriting commissions out of the underwriting commissions they receive. In addition, our Company may, at its sole and absolute discretion, pay to all or any of the Underwriters a discretionary incentive fee of not more than 7.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option). The underwriting commission, together with the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing, and other expenses relating to the Global Offering, is currently estimated to be approximately HK$91.9 million in aggregate (based on an Offer Price of HK$3.71 per Offer Share, being the mid-point of the indicative Offer Price range of HK$3.06 to HK$4.36 per Offer Share and based on the assumption that the Over-allotment Option is not exercised) and is paid or payable by our Company.

Indemnity

Our Company and the Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Underwriters' interests in our Company

Save for their obligations under the Underwriting Agreements, none of the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Global Offering.

Sole Sponsor's independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The Global Offering initially consists of (subject to reallocation and the Over-allotment Option):

(i) the Hong Kong Public Offering of 20,000,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described below in the section "Structure and Conditions of the Global Offering — The Hong Kong Public Offering" in this prospectus; and

(ii) the International Offering of 180,000,000 Offer Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S of the U.S. Securities Act as described below in the section "Structure and Conditions of the Global Offering — The International Offering" in this prospectus.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Offering, but may not do both. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for Hong Kong Public Offer Shares in the Hong Kong Public Offering. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the Offer Shares to institutional and professional investors and other investors outside the United States in reliance on Regulation S of the U.S. Securities Act.

The Offer Shares will represent 25.0% of the enlarged registered share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.71% of the enlarged registered share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as described in the section "Structure and Conditions of the Global Offering — Over-allotment Option."

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in the section "Structure and Conditions of the Global Offering — Pricing and Allocation."

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. Details of the underwriting arrangements are summarized in the section "Underwriting" in this prospectus.

PRICING AND ALLOCATION

Offer Price range

The Offer Price will be not more than HK$4.36 per Offer Share and is expected to be not less than HK$3.06 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable on application

Applicants under the Hong Kong Public Offering must pay, on application, the maximum indicative Offer Price of HK$4.36 per Hong Kong Public Offer Share plus a 1% brokerage, a 0.0027% SFC transaction levy and a 0.005% Stock Exchange trading fee, amounting to a total of HK$3,523.14 for one board lot of 800 Offer Shares. Each Application Form includes a table showing the exact amount payable on certain numbers of Offer Shares. If the Offer Price as finally determined in the manner described below, is less than HK$4.36, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest. See the section "How to Apply for Hong Kong Public Offer Shares — 13. Refund of application monies" in this prospectus.

Determining the Offer Price

The International Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about Thursday, December 24, 2020.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or about Thursday, December 24, 2020 and in any event, no later than 5:00 p.m. on Tuesday, January 5, 2021.

If, for any reason, our Company and the Sole Global Coordinator (on behalf of the Underwriters) are unable to reach agreement on the Offer Price at or before 5:00 p.m. on Tuesday, January 5, 2021, the Global Offering will not proceed and will lapse.

Reduction in Offer Price range and/or number of Offer Shares

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Sole Global Coordinator (on behalf of the Underwriters) considers it appropriate and together with our Company's consent, the indicative Offer Price range and/or the number of Offer Shares may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.xnewtech.com** notice of the reduction in the indicative Offer Price range and/or number of Offer Shares. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section "Summary" in this prospectus and any other financial information which may change as a result of such reduction. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering.

Supplemental listing documents will be issued by the Company in the event of a reduction in the number of Offer Shares or the Offer Price. Such supplemental listing documents will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus. The supplemental listing document will also provide the investors with the extended period under which the Hong Kong Public Offering was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their subscriptions, and give potential investors who had applied for the Hong Kong Offer Shares the right to withdraw their applications under the Hong Kong Public Offering.

If the number of Offer Shares being offered under the Global Offering or the indicative Offer Price range is so reduced, applicants who have already submitted an application will be notified that they are required to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid.

Before submitting applications for the Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering.

Allocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

Allocation of the International Offer Shares pursuant to the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell the Offer Shares after the Listing. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of the Hong Kong Public Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants. The allocation of Hong Kong Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

Announcement of final Offer Price and basis of allocations

The applicable final Offer Price, the level of indications of interest in the International Offering and the basis of allocations of the Hong Kong Public Offer Shares are expected to be announced on Tuesday, January 5, 2021 on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.xnewtech.com**).

Results of allocations in the Hong Kong Public Offering, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) and the number of Hong Kong Public Offer Shares successfully applied for under **WHITE** and **YELLOW** Application Forms, or by giving **electronic application instructions** to HKSCC or by applying online through the **White Form eIPO** Service Provider under the **White Form eIPO** service, will be made available through a variety of channels as described in the section "How to Apply for Hong Kong Public Offer Shares — 11. Publication of results" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares pursuant to the Hong Kong Public Offering will be conditional upon, among other things:

- the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued upon the exercise of the Over-allotment Option and upon the exercise of the Post-IPO Share Option);
- the Offer Price having been duly agreed on or about the Price Determination Date;
- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- the obligations of the Underwriters under the International Underwriting Agreement and the Hong Kong Underwriting Agreement having become unconditional and not having been terminated in accordance with their respective terms,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus (i.e. Wednesday, January 20, 2021).

The consummation of each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will cause to be published by us on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.xnewtech.com**) on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section "How to Apply for Hong Kong Public Offer Shares — 13. Refund of application monies" in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Tuesday, January 5, 2021 but will only become valid certificates of title at 8:00 a.m. on Wednesday, January 6, 2021, provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section "Underwriting — Underwriting Arrangements and Expenses — the Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 20,000,000 Offer Shares at the Offer Price, representing 10% of the 200,000,000 Offer Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to reallocation as mentioned below, the number of Offer Shares offered under the

Hong Kong Public Offering will represent 2.5% of the total issued share capital of our Company immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Hong Kong Public Offering is subject to the conditions set out in the section "Structure and Conditions of the Global Offering — Conditions of the Global Offering" above.

Allocation

For allocation purposes only, the Hong Kong Public Offer Shares initially being offered for subscription under the Hong Kong Public Offering (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering) will be divided equally into two pools (to the nearest board lot): Pool A and Pool B. Pool A will comprise 10,000,000 Hong Kong Public Offer Shares and Pool B will comprise 10,000,000 Hong Kong Public Offer Shares, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Hong Kong Public Offer Shares with a total amount (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee) of HK$5 million or below will fall into Pool A and all valid applications that have been received for Hong Kong Public Offer Shares with a total amount (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee) of over HK$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Public Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Hong Kong Public Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants for more than 10,000,000 Hong Kong Public Offer Shares (being 50% of the initial number of Hong Kong Public Offer Shares).

Reallocation

Paragraph 4.2 of the Practice Note 18 of the Listing Rules and the Stock Exchange's Guidance Letter HKEx-GL91-18 require a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Public Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of Offer Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offering, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 60,000,000, 80,000,000 and 100,000,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated in the International Offering will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate, and such additional Offer Shares will be allocated to Pool A and Pool B equally.

If the Hong Kong Public Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Public Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed irrespective of the number of times of the initial number of the Hong Kong Public Offer Shares; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Sole Global Coordinator have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as it deems appropriate, provided that in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, (1) the number of International Offer Shares reallocated to the Hong Kong Public Offering should not be more than double of the number of Offer Shares initially allocated to the Hong Kong Public Offering (i.e., 40,000,000 Offer Shares); and (2) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e. HK$3.06 per Offer Share) stated in this prospectus. In the event that the International Offer Shares are undersubscribed under the International Offering and the Hong Kong Public Offer Shares are also undersubscribed, the Global Offering shall not proceed unless fully underwritten by the Underwriters pursuant to the Underwriting Agreements.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

Applications

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The number of Offer Shares to be initially offered for subscription under the International Offering will be 180,000,000 Offer Shares, representing 90.0% of the Offer Shares under the Global Offering. Subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the International Offer Shares will represent 10.0% of our enlarged issued share capital immediately after completion of the Global Offering assuming the Over-allotment Option is not exercised. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

Allocation

Pursuant to the International Offering, the International Underwriters will conditionally place the Offer Shares with institutional and professional investors and other investors expected to have a sizeable demand for the Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S of the U.S. Securities Act. Allocation of International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in paragraph "Pricing and Allocation" above and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our Shareholders as a whole.

OVER-ALLOTMENT OPTION

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time and from time to time from the Listing Date, up to (and including) the date which is the 30th day after the last day for lodging of applications under the Hong Kong Public Offering (i.e. Saturday, January 23, 2021). A press announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, our Company may be required to issue up to 30,000,000 Offer Shares, representing 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any. The Sole Global Coordinator may also cover any over-allocations by purchasing Offer Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, regulations and rules.

STOCK BORROWING AGREEMENT

Mont Avenir Capital Limited, as the Stabilizing Manager, or any person acting for it may choose to borrow Shares from Nebula SC, under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with Nebula SC will only be effected by the Stabilizing Manager for settlement of over-allocations in the International Offering and covering any short position prior to the exercise of the Over-allotment Option;

- the maximum number of Shares borrowed from Nebula SC under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;

- the same number of Shares so borrowed must be returned to Nebula SC or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the date on which the Over-allotment Option is exercised in full and the relevant over-allocation shares have been allocated, and (iii) such earlier time as the parties may from time to time agree in writing;

- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and
- no payment will be made to Nebula SC by the Stabilizing Manager or its authorized agents in relation to such stock borrowing arrangement.

STABILIZATION

Stabilization is a practice used by Underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, Mont Avenir Capital Limited, as the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by the applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering (i.e. Saturday, January 23, 2021). The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, amounting to, 30,000,000 Offer Shares, which is 15.0% of the number of Offer Shares initially available under the Global Offering.

Stabilizing action will be entered into in accordance with the laws, regulations and rules in place in Hong Kong on stabilization and stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) includes: (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilizing Manager, or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilizing Manager may have an adverse impact on the market price of the Shares;

- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the last Business Day immediately before the 30th day after the last date for lodging applications under the Hong Kong Public Offering (i.e. Friday, January 22, 2021). After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, may fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by taking of any stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within 7 days of the expiration of the stabilizing period.

In connection with the Global Offering, the Stabilizing Manager may over-allocate up to and not more than an aggregate of 30,000,000 additional Offer Shares and cover such over-allocations by exercising the Over-allotment Option, or by making purchases in the secondary market at prices that do not exceed the Offer Price.

DEALING ARRANGEMENTS

Assuming that the Global Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, January 6, 2021, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, January 6, 2021. The Shares will be traded in board lots of 800 Offer Shares each under the stock code 9600.

1. HOW TO APPLY

If you apply for Hong Kong Public Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

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

- use a **WHITE** or **YELLOW** Application Form; or
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its sole discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;

- a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG PUBLIC OFFER SHARES

(a) Which application channel to use

For Hong Kong Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

(b) Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, December 21, 2020 until 12:00 noon on Thursday, December 24, 2020 from:

- any of the following offices of the Hong Kong Underwriters:

  Mont Avenir Capital Limited
  Rm 3812-3813, 38/F, COSCO Tower
  183 Queen's Road Central
  Sheung Wan
  Hong Kong

  SPDB International Capital Limited
  33/F, SPD Bank Tower
  One Hennessy
  1 Hennessy Road
  Hong Kong

  Futu Securities International (Hong Kong) Limited
  Unit C1-2, 13/F
  United Centre
  No.95 Queensway
  Hong Kong

  AMTD Global Markets Limited
  23/F-25/F
  Nexxus Building
  41 Connaught Road Central
  Hong Kong

China Merchants Securities (HK) Co., Limited
48/F., One Exchange Square
8 Connaught Place
Central, Hong Kong

- any of the following branches of DBS Bank (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	United Centre Branch	Shops 1015-1018 on 1/F & Shops 2032-2034 on 2/F, United Centre, 95 Queensway, Admiralty
	West Point Branch	G/F, 441 Queen's Road West,West Point, Hong Kong
	North Point Branch	G/F, 391 King's Road, North Point
Kowloon	Yaumatei Branch	G/F & 1/F, 131-137 Woo Sung Street, Yau Ma Tei

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, December 21, 2020 until 12:00 noon on Thursday, December 24, 2020 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

(c) Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited – Newlink Technology Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- **Monday, December 21, 2020 – 9:00 a.m. to 4:00 p.m.**
- **Tuesday, December 22, 2020 – 9:00 a.m. to 4:00 p.m.**
- **Wednesday, December 23, 2020 – 9:00 a.m. to 4:00 p.m.**
- **Thursday, December 24, 2020 – 9:00 a.m. to 12:00 noon**

To safeguard the health and safety of its employees and customers in light of the rapidly changing novel coronavirus situation in Hong Kong, the receiving bank referred to above may adjust its branch services (including branch operation hours) from time to time. For the latest arrangement on branch services, please refer to the DBS website at **https://www.dbs.com.hk/personal/default.page**.

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, December 24, 2020, the last application day or such later time as described in the paragraph "Effect of bad weather on the opening of the application lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Global Coordinator, the Sole Sponsor, the Lead Bookrunner, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to our Company, our Hong Kong Share Registrar, the receiving bank(s), the Sole Global Coordinator, the Sole Sponsor, the Lead Bookrunner, the Joint Bookrunners, the Lead Manager, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Global Coordinator, the Sole Sponsor, the Lead Bookrunner, the Joint Bookrunners, the Lead Manager, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

(a) General

Individuals who meet the criteria in the paragraph headed "Who can apply" in this section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

(b) Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, December 21, 2020 until 11:30 a.m. on Thursday, December 24, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, December 24, 2020 or such later time under the subsection headed "Effect of bad weather on the opening of the application lists" in this section.

(c) No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

(d) Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

(e) Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "NEWLINK TECHNOLOGY INC." **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

(a) General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

(b) Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

(c) Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for Hong Kong Public Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

(d) Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 800 Hong Kong Public Offer Shares. Instructions for more than 800 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

(e) Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- **9:00 a.m. to 8:30 p.m., Monday, December 21, 2020**
- **8:00 a.m. to 8:30 p.m., Tuesday, December 22, 2020**
- **8:00 a.m. to 8:30 p.m., Wednesday, December 23, 2020**
- **8:00 a.m. to 12:00 noon, Thursday, December 24, 2020**

Note:

(1) These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, December 21, 2020 until 12:00 noon on Thursday, December 24, 2020 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, December 24, 2020, the last application day or such later time as described in the paragraph "Effect of bad weather on the opening of the application lists" in this section.

(f) No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

(g) Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

(h) Personal Data

The section of the Application Form "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving banker, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Global Coordinator, the Sole Sponsor, the Lead Bookrunner, the Joint Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, December 24, 2020.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for Hong Kong Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Hong Kong Public Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 800 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 800 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section "Structure and Conditions of the Global Offering — Pricing and allocation" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, December 24, 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have any of those warnings or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, December 24, 2020. or if there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares on Tuesday, January 5, 2021 on our Company's website at **www.xnewtech.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.xnewtech.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Tuesday, January 5, 2021;
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, January 5, 2021 to 12:00 midnight on Monday, January 11, 2021;
- by telephone enquiry line by calling (852) 2862 8555 between 9:00 a.m. and 6:00 p.m. on Tuesday, January 5, 2021, Wednesday, January 6, 2021, Thursday, January 7, 2021, and Friday, January 8, 2021;
- in the special allocation results booklets which will be available for inspection during opening hours on Tuesday, January 5, 2021, Wednesday, January 6, 2021 and Thursday, January 7, 2021 at the designated receiving bank branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section "Structure and Conditions of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG PUBLIC OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allotted to you:

(a) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If the allotment of Hong Kong Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$4.36 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering set out in the section "Structure and Conditions of the Global Offering — Conditions of the Global Offering" in this prospectus are not fulfilled or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Tuesday, January 5, 2021.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Tuesday, January 5, 2021. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, January 6, 2021 provided that the Global Offering has become unconditional and the right of termination described in the section "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(a) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, January 5, 2021 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop.

Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Tuesday, January 5, 2021, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Public Offer Shares or more, please follow the same instructions as described above for the collection of refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Tuesday, January 5, 2021, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, January 5, 2021, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

  For Hong Kong Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allotted to you with that CCASS Participant.

- *If you apply as a CCASS Investor Participant*

  Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the paragraph "Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, January 5, 2021, or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(c) If you apply through the White Form eIPO Service

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, January 5, 2021, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates, e-Refund payment instructions or refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, January 5, 2021, by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(d) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, January 5, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in the paragraph "Publication of results" above on Tuesday, January 5, 2021. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, January 5, 2021 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, January 5, 2021. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, January 5, 2021.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22/F, CITIC Tower,
1 Tim Mei Avenue,
Central,
Hong Kong

The Directors
Newlink Technology Inc.
Mont Avenir Capital Limited

Dear Sirs,

We report on the historical financial information of Newlink Technology Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-50, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2017, 2018 and 2019, and the six months ended 30 June 2020 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 June 2020 and the statements of financial position of the Company as at 31 December 2019 and 30 June 2020 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-3 to I-50 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 21 December 2020 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 June 2020, of the financial position of the Company as at 31 December 2019 and 30 June 2020 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REVIEW OF INTERIM COMPARATIVE FINANCIAL INFORMATION

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2019 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
21 December 2020

I. HISTORICAL FINANCIAL INFORMATION

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE	5	21,066	120,571	148,970	56,152	58,755
Cost of sales		(12,195)	(62,788)	(75,812)	(35,004)	(34,206)
Gross profit		8,871	57,783	73,158	21,148	24,549
Other income and gains	5	384	363	1,852	169	1,210
Selling and distribution expenses		(589)	(3,248)	(6,515)	(3,266)	(3,770)
Administrative expenses		(3,659)	(8,335)	(13,690)	(4,845)	(12,269)
Research and development costs		(3,201)	(10,454)	(14,276)	(11,113)	(3,472)
Other expenses		(18)	(136)	(1,156)	(327)	(1,317)
Finance costs	7	(186)	(563)	(1,138)	(401)	(300)
PROFIT BEFORE TAX	6	1,602	35,410	38,235	1,365	4,631
Income tax (expense)/credit	10	(63)	(4,287)	(5,122)	1,037	(1,577)
PROFIT FOR THE YEAR/PERIOD		1,539	31,123	33,113	2,402	3,054
Attributable to:						
Owners of the parent		1,539	31,123	33,106	2,403	3,053
Non-controlling interests		–	–	7	(1)	1
		1,539	31,123	33,113	2,402	3,054
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	12	NA	NA	NA	NA	NA

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	–	–	–	–	(990)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	–	–	–	–	(990)
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX	–	–	–	–	(990)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	1,539	31,123	33,113	2,402	2,064
Attributable to:					
Owners of the parent	1,539	31,123	33,106	2,403	2,063
Non-controlling interests	–	–	7	(1)	1
	1,539	31,123	33,113	2,402	2,064

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 June
		2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property and equipment	13	2,596	3,746	3,030	2,776
Right-of-use assets	14	5,379	17,176	13,354	11,160
Contract assets	17	–	934	795	803
Long-term deposits	18	488	1,819	1,450	1,450
Intangible assets	15	402	3,217	11,140	13,332
Deferred tax assets	23	–	–	128	335
Total non-current assets		8,865	26,892	29,897	29,856
CURRENT ASSETS					
Trade receivables	16	3,798	70,037	72,289	99,055
Contract assets	17	6,785	7,731	22,635	29,050
Prepayments, deposits and other receivables	18	1,437	2,403	4,697	7,173
Amounts due from related parties	29	331	1,110	2,232	–
Amounts due from shareholders	24	–	–	56,014	–
Pledged deposits		–	–	15	15
Cash and cash equivalents	19	25,090	15,515	57,339	22,669
Total current assets		37,441	96,796	215,221	157,962
CURRENT LIABILITIES					
Trade payables	20	1,781	4,513	897	14
Contract liabilities	21	922	4,241	1,500	328
Other payables and accruals	22	10,652	20,348	3,879	7,032
Lease liabilities	14	1,242	3,458	2,111	1,583
Amounts due to shareholders	24	–	–	37,000	–
Tax payable		63	2,406	2,578	552
Total current liabilities		14,660	34,966	47,965	9,509
NET CURRENT ASSETS		22,781	61,830	167,256	148,453
TOTAL ASSETS LESS CURRENT LIABILITIES		31,646	88,722	197,153	178,309
NON-CURRENT LIABILITIES					
Lease liabilities	14	2,485	13,438	10,256	8,412
Total non-current liabilities		2,485	13,438	10,256	8,412
Net assets		29,161	75,284	186,897	169,897
EQUITY					
Equity attributable to owners of the parent					
Share capital	25	–	–	4	4
Reserves	26	29,161	75,284	185,386	168,385
		29,161	75,284	185,390	168,389
Non-controlling interests		–	–	1,507	1,508
Total equity		29,161	75,284	186,897	169,897

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital	**Share premium**	**Merger reserves**	**Statutory surplus reserve**	**(Accumulated losses)/retained profits**	**Total**	**Non-controlling interests**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
	(Note 25)	*(Note 26)*	*(Note 26)*	*(Note 26)*				
At 1 January 2017	–	–	5,000	–	(2,378)	2,622	–	2,622
Profit for the year	–	–	–	–	1,539	1,539	–	1,539
Other comprehensive income for the year:								
Total comprehensive income for the year	–	–	–	–	1,539	1,539	–	1,539
Capital contribution by then shareholders of a subsidiary	–	–	25,000	–	–	25,000	–	25,000
At 31 December 2017 and 1 January 2018	–	–*	30,000*	–*	(839)*	29,161	–	29,161
Profit for the year	–	–	–	–	31,123	31,123	–	31,123
Other comprehensive income for the year:								
Total comprehensive income for the year	–	–	–	–	31,123	31,123	–	31,123
Capital contribution by then shareholders of a subsidiary	–	–	15,000	–	–	15,000	–	15,000
Transfer to statutory surplus reserve	–	–	–	3,112	(3,112)	–	–	–
At 31 December 2018 and 1 January 2019	–	–*	45,000*	3,112*	27,172*	75,284*	–	75,284
Profit for the year	–	–	–	–	33,106	33,106	7	33,113
Total comprehensive income for the year	–	–	–	–	33,106	33,106	7	33,113
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	1,500	1,500
Capital contribution by then shareholders of a subsidiary	–	–	5,000	–	–	5,000	–	5,000
Capital contribution by shareholders of the Company	4	71,996	–	–	–	72,000	–	72,000
Transfer to statutory surplus reserve	–	–	–	3,308	(3,308)	–	–	–
At 31 December 2019 and 1 January 2020	4	71,996*	50,000*	6,420*	56,970*	185,390	1,507	186,897

	Attributable to owners of the parent								
	Share capital	Share premium	Merger reserves	Statutory surplus reserve	Exchange fluctuation reserve	(Accumulated losses)/retained profits	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 25)	*(Note 26)*	*(Note 26)*	*(Note 26)*	*(Note 26)*				
At 31 December 2019 and 1 January 2020	4	71,996	50,000	6,420	–	56,970	185,390	1,507	186,897
Profit for the period	–	–	–	–	–	3,053	3,053	1	3,054
Exchange differences on translation of foreign operations	–	–	–	–	(990)	–	(990)	–	(990)
Total comprehensive income for the period	–	–	–	–	(990)	3,053	2,063	1	2,064
Deemed distribution to shareholders under group reorganisation	–	–	(73,539)	–	–	–	(73,539)	–	(73,539)
Capital contribution by then shareholders of a subsidiary	–	–	51,008	–	–	–	51,008	–	51,008
Capital contribution by shareholders of the Company	–	3,467	–	–	–	–	3,467	–	3,467
At 30 June 2020	4	75,463*	27,469*	6,420*	(990)*	60,023*	168,389	1,508	169,897
At 31 December 2018 and 1 January 2019	–	–	45,000	3,112	–	27,172	75,284	–	75,284
Profit for the period (Unaudited)	–	–	–	–	–	2,403	2,403	(1)	2,402
Total comprehensive income for the period (Unaudited)	–	–	–	–	–	2,403	2,403	(1)	2,402
Capital contribution from a non-controlling shareholder of a subsidiary (Unaudited)	–	–	–	–	–	–	–	1,500	1,500
Capital contribution by then shareholders of a subsidiary (Unaudited)	–	–	5,000	–	–	–	5,000	–	5,000
At 30 June 2019 (Unaudited)	–	–	50,000	3,112	–	29,575	82,687	1,499	84,186

* These reserve accounts comprise the consolidated reserves of RMB29,161,000, RMB75,284,000, RMB185,386,000 and RMB168,790,000 in the consolidated statements of financial position as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2017 RMB'000	Year ended 31 December 2018 RMB'000	Year ended 31 December 2019 RMB'000	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		1,602	35,410	38,235	1,365	4,631
Adjustments for:						
Finance costs	7	186	563	1,138	401	300
Bank interest income	5	(33)	(82)	(128)	(38)	(100)
Fair value gains on financial assets at fair value through profit or loss	5	–	–	–	–	(129)
Depreciation of property and equipment	6	504	893	1,847	1,272	315
Amortisation of intangible assets	6	101	442	1,508	377	1,330
Depreciation of right-of-use assets	6	1,753	4,268	4,486	2,264	2,194
Rent concessions	6	–	–	–	–	(330)
Loss on disposal of items of property and equipment		–	–	–	–	20
Foreign exchange gains	5	–	(34)	(12)	–	(11)
Impairment losses recognised for trade receivables	6	5	127	809	14	1,030
Impairment losses recognised/(reversed) for contract assets	6	13	(1)	46	13	203
		4,131	41,586	47,929	5,668	9,453
(Increase)/decrease in long-term deposits		(488)	(1,330)	369	–	–
Increase in trade receivables		(3,760)	(66,366)	(3,061)	(1,737)	(27,796)
Increase in contract assets		(6,798)	(1,879)	(14,811)	(14,460)	(6,626)
Increase in prepayments, deposits and other receivables		(832)	(966)	(2,294)	(1,853)	(2,476)
(Increase)/decrease in amounts due from related parties		(331)	(779)	(1,122)	1,110	2,232
Increase/(decrease) in trade payables		160	2,732	(3,616)	(733)	(883)
Increase/(decrease) in contract liabilities		922	3,319	(2,741)	4,179	(1,172)
Increase in pledged deposits		–	–	(15)	–	–
Increase/(decrease) in other payables and accruals		10,087	9,697	(16,469)	(9,404)	3,153
Cash generated from/(used in) operations		3,091	(13,986)	4,169	(17,230)	(24,115)
Interest received		33	82	128	38	100
Income tax paid		(23)	(1,944)	(5,078)	(1,880)	(3,810)
Interest paid		–	–	(358)	–	–
Interest element of rental payments		(186)	(563)	(780)	(401)	(300)
Net cash flows generated from/(used in) operating activities		2,915	(16,411)	(1,919)	(19,473)	(28,125)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property and equipment	13	(3,095)	(2,043)	(1,131)	(587)	(81)
Additions to intangible assets	15	(310)	(3,257)	(9,431)	(82)	(3,522)
Purchases of financial assets at fair value through profit or loss		–	–	–	–	(28,640)
Receipt of financial assets at fair value through profit or loss		–	–	–	–	28,769
Net cash flows used in investing activities		(3,405)	(5,300)	(10,562)	(669)	(3,474)

	Notes	Year ended 31 December			Six months ended 30 June	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans	27	–	–	30,000	–	–
Repayment of bank loans	27	–	–	(30,000)	–	–
Capital contribution from a non-controlling shareholder		–	–	1,500	1,500	–
Capital contribution by the then shareholders of a subsidiary		25,000	15,000	5,000	5,000	14,008
Capital contribution by shareholders of the Company		–	–	15,986	–	59,481
Deemed distribution to shareholders under group reorganisation		–	–	–	–	(73,539)
Principal portion of lease payments	27	(3,405)	(2,896)	(5,193)	(2,112)	(2,042)
Loans from shareholders	27	–	–	37,000	3,800	–
Net cash flows generated from/(used in) financing activities		21,595	12,104	54,293	8,188	(2,092)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21,105	(9,607)	41,812	(11,954)	(33,691)
Cash and cash equivalents at beginning of year		3,984	25,090	15,515	15,515	57,339
Effect of foreign exchange rate changes, net		1	32	12	–	(979)
CASH AND CASH EQUIVALENTS AT END OF YEAR		25,090	15,515	57,339	3,561	22,669
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	19	25,090	15,515	57,339	3,561	22,669
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS	19	25,090	15,515	57,339	3,561	22,669

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2019	As at 30 June 2020
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Investment in a subsidiary		–*	–*
Total non-current assets		–*	–*
CURRENT ASSETS			
Due from shareholders	24	56,014	–
Due from subsidiaries	29	–	76,374
Cash and cash equivalents		15,986	12
Total current assets		72,000	76,386
CURRENT LIABILITIES			
Due to a subsidiary	29	–	2
Total current liabilities		–	2
NET CURRENT ASSETS		72,000	76,384
Net assets		72,000	76,384
EQUITY			
Share capital	25	4	4
Reserves	26	71,996	76,380
Total equity		72,000	76,384

* Less than RMB1,000.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND REORGANISATION

The Company was incorporated in the Cayman Islands on 8 November 2019 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The registered address of the Company is at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in software development and maintenance in the People's Republic of China (hereafter, the "PRC"). Mr. Zhai Shuchun is the controlling shareholder of the Group. There has been no significant change in the Group's principal activities during the Relevant Periods.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation which was completed on 13 January 2020 as set out in the paragraph headed "Our Reorganization" in the section headed "Our History and Corporate Development" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As of the date of this report, the Company has direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Date and place of incorporation/ registration and place of operations	Issued ordinary share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Newlink Holdings Limited *(note (a))*	18 November 2019 British Virgin Islands	USD1	100	–	Investment holding
Newlink Technology Holdings (Hong Kong) Limited *(note (a))*	2 December 2019 Hong Kong	HK$1	–	100	Investment holding
Newlink Technology (Beijing) Co., Ltd (紐領科技(北京)有限公司) (hereafter, "Newlink Technology") *(note (a))*	19 December 2019 Mainland China	USD15,000,000	–	100	Investment holding
Beijing Newlink Technology Co., Ltd. (北京新紐科技有限公司) (hereafter, "Beijing Newlink") *(note (b) (c))*	15 August 2011 Mainland China	RMB101,010,101	–	100	Software development and maintenance
Beijing Newlink Healthcare Information Technology Company Limited (北京新紐醫訊科技有限公司) *(note (a) (b))*	29 September 2018 Mainland China	RMB30,000,000	–	90	Software development and maintenance

(a) No audited financial statements have been prepared as these companies were not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation or the entities were newly established in 2019.

(b) The English names of these companies represent the best effort made by the management of the Company to directly translate the Chinese names as they do not register any official English names.

(c) The statutory financial statements of this entity for the years ended 31 December 2017, 2018 and 2019 prepared in accordance with generally accepted accounting principles and financial regulations in the PRC were audited by Beijing Xinzhengtai Certified Public Accountants Company Limited (北京鑫正泰會計師事務所有限責任公司), Zhongqinwanxin Certified Public Accountants LLP Shanxi Branch (中勤萬信會計師事務所(特殊普通合夥)山西分所) and Zhongqinwanxin Certified Public Accountants LLP Shanxi Branch (中勤萬信會計師事務所(特殊普通合夥)山西分所), respectively, which were certified public accounting firms registered in the PRC.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed "Our Reorganization" in the section headed "Our History and Corporate Development" in this Prospectus, the Company became the holding company of the companies now comprising the Group on 13 January 2020.

The Reorganization only involved inserting new holding entities, at the top of an existing company, Beijing Newlink, and has not resulted in any change of economic substances. Accordingly, for the purpose of this report, the Historical Financial Information for the Relevant Periods has been presented as a continuation of Beijing Newlink and its subsidiary by applying the principles of merger accounting as if the Company had been the holding company of Beijing Newlink and its subsidiary at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods and the six months ended 30 June 2019 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date of incorporation of the subsidiaries, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 June 2020 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries held by parties other than Beijing Newlink, and changes therein, are presented as non-controlling interests in equity in applying the principles of merger accounting. Profit or loss is attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances have been eliminated on consolidation in full.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing on/before 1 January 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information on a consistent basis throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

Amendment to HKFRS 16 *Covid-19-Related Rent Concessions* provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the Covid-19 pandemic during the six months ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB330,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the six months ended 30 June 2020.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has early adopted the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions* that has been issued but not yet effective on 1 January 2020.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the preparation of the Historical Financial Information.

HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRS Standards 2018–2020 Cycle	*Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41*[2]
Amendments to HKFRS 4	*Extension of the Temporary Exemption from Applying HKFRS 9*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 No mandatory effective date yet determined but available for adoption

5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wordings with no change in conclusion

6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group has expected that these standards will not have significant effect on the Group's financial performance and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company 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 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. The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract assets, deferred tax assets, and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personal services to the Group or to the parent of the Group.

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Electronic equipment and furniture	20%
Leasehold improvements	Shorter of estimated useful lives or remaining lease terms

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the profit or loss in the year the asset is derecognized is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Construction in progress represents leasehold improvements under construction, which is stated at cost less any impairment losses, and is not depreciated. Construction in progress is reclassified to leasehold improvements when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of 5 years.

Research and development costs

All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the Group's ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding three years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue from contracts with customers" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has used a loss rate approach and develops loss-rate statistics on the basis of the amount expected to be written off over the life of the financial assets by reference to the credit rating of the customers, and then adjust these loss trends for current conditions and expectations about the future.

For trade receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest rate (EIR) method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the profit or loss by way of a reduced depreciation charge.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Software development services

Revenue from software development services is recognised over time, using an appropriate method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. For the contracts with a fixed price, the Group uses input method, which the Group recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services. For the contracts billed a fixed amount for each hour of service provided, the Group uses practical expedient to recognise revenue in the amount to which the Group has a right to invoice.

Contracts for bundled sales of software development service and technical and maintenance services (i.e. training, upgrade, service-type warranties) are comprised of separate performance obligations because the promises to transfer the software and provide those services are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative stand-alone selling prices of each performance obligation.

(b) Technical and maintenance services

Revenue from the technical and maintenance services is recognised over the scheduled period on a straight-line basis or based on the actual time/work incurred, because the customer simultaneously receives and consumes the benefits provided by the Group.

(c) Sale of standard software

Revenue from the sale of standard software is recognised at the point in time when the right to use the software is transferred to the customer, generally upon the acceptance by the customers.

Contracts for bundled sales of standard software, installation, technical and maintenance services (i.e., training, upgrade) are comprised of separate performance obligations because these promises are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative stand-alone selling prices of each performance obligation.

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial assets.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is recognized when at payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other employee benefits

Pension scheme

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant governmental authorities in various areas other than Mainland China. The Group's liability in respect of these plans is limited to the contributions payable at the end of each period. Contributions to these plans are expensed as incurred.

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiary operating in Mainland China is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund — Mainland China

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Borrowing costs

All the borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB because the Group's principal operations are carried out in Mainland China. The functional currency of the Company and certain oversea subsidiaries incorporated outside Mainland China is US$ and the functional currency of the subsidiaries established in Mainland China is RMB, which is the currency of the primary economic environment in which those entities operate. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognized in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of the Company and certain overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and certain overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information:

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue deferred tax liabilities in respect of withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Identification of performance obligations

The Group analyses agreements with more than one element, or deliverable. The Group identifies the deliverables within the agreement and evaluates which deliverables represent separate units of accounting. Analysing the agreements to identify deliverables requires the use of judgement. A deliverable is considered a separate unit of accounting when deliverable has value to the customers on a standalone basis based on the consideration of the relevant facts and circumstances for each agreement. In addition, the Group also considers whether the other deliverables can be used for their intended purpose without the receipt of the remaining elements, whether the value of the deliverable is dependent on the undelivered items and whether there are other vendors that can provide the undelivered elements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Revenue from contracts with customers

For the contracts with a fixed price, the Group recognises revenue from software development services based on the actual direct costs incurred relative to the total expected costs to be incurred to satisfy the performance obligations of an individual contract. Total expected costs and their corresponding contract revenue require estimations from management based on understanding of the performance of the contract, quotations from suppliers and subcontractors, and the Group's historical experience. Due to the nature of the activity undertaken in the contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than expected or actual contract costs are more than expected, a provision for onerous contract may arise.

In addition, when the Group determines the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for financing purposes.

Provision for expected credit losses of trade and other receivables and contract assets

The Group uses a loss rate approach to calculate ECLs for trade receivables and contract assets. The loss rates are based on groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The Group develops loss-rate statistics on the basis of the amount expected to be written off over the life of the financial assets by reference to the credit rating of the customers, and then adjust these loss trends for current conditions and expectations about the future. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the determined loss-rate are adjusted. At each reporting date, the loss-rate statistics are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among the loss-rate statistics, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's expected default data and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables, contract assets is disclosed in notes 16 and 17 to the financial statements, respectively.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 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 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. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the carrying amount of deferred development costs included in intangible assets were nil, nil, RMB899,000 and RMB3,840,000, respectively.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) providing comprehensive and integrated solutions for our customers in the finance industry, such as banks, trust companies and other financial institutions;

(b) providing medical quality control and safety warning system that enable hospitals to analyze key clinical data, improve clinical effectiveness and lower the risk of medical malpractice; and

(c) providing IT solutions to customers from industries other than financial institutions and hospitals.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of gross profit.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2017	Financial institutions	Others	Total
	RMB'000	RMB'000	RMB'000
Segment revenue:			
Sales to external customers	20,676	390	21,066
Segment results	8,594	277	8,871
Reconciliation:			
Other income and gains			384
Selling and distribution expenses			(589)
Administrative expenses			(3,659)
Research and development costs			(3,201)
Other expenses			(18)
Finance costs			(186)
Profit before tax			1,602
Segment assets	10,193	390	10,583
Reconciliation:			
Corporate and other unallocated assets			35,723
Total assets			46,306
Segment liabilities	922	–	922
Reconciliation:			
Corporate and other unallocated liabilities			16,223
Total liabilities			17,145

Year ended 31 December 2018	Financial institutions	Others	Total
	RMB'000	RMB'000	RMB'000
Segment revenue:			
Sales to external customers	109,669	10,902	120,571
Segment results	51,122	6,661	57,783
Reconciliation:			
Other income and gains			363
Selling and distribution expenses			(3,248)
Administrative expenses			(8,335)
Research and development costs			(10,454)
Other expenses			(136)
Finance costs			(563)
Profit before tax			35,410
Segment assets	69,472	9,230	78,702
Corporate and other unallocated assets			44,986
Total assets			123,688
Segment liabilities	4,241	–	4,241
Reconciliation:			
Corporate and other unallocated liabilities			44,163
Total liabilities			48,404

Year ended 31 December 2019	Financial institutions	Medical institutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:				
Sales to external customers	126,974	12,294	9,702	148,970
Segment results	62,103	6,374	4,681	73,158
Reconciliation:				
Other income and gains				1,852
Selling and distribution expenses				(6,515)
Administrative expenses				(13,690)
Research and development costs				(14,276)
Other expenses				(1,156)
Finance costs				(1,138)
Profit before tax				38,235
Segment assets	85,188	9,052	1,479	95,719
Reconciliation:				
Corporate and other unallocated assets				149,399
Total assets				245,118
Segment liabilities	1,500	–	–	1,500
Reconciliation:				
Corporate and other unallocated liabilities				56,721
Total liabilities				58,221

Six months ended 30 June 2020	Financial institutions	Medical institutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:				
Sales to external customers	53,053	2,720	2,982	58,755
Segment results	21,208	1,100	2,241	24,549
Reconciliation:				
Other income and gains				1,210
Selling and distribution expenses				(3,770)
Administrative expenses				(12,269)
Research and development costs				(3,472)
Other expenses				(1,317)
Finance costs				(300)
Profit before tax				4,631
Segment assets	114,775	10,933	3,200	128,908
Reconciliation:				
Corporate and other unallocated assets				58,910
Total assets				187,818
Segment liabilities	328	–	–	328
Reconciliation:				
Corporate and other unallocated liabilities				17,593
Total liabilities				17,921

Six months ended 30 June 2019 (Unaudited)	Financial institutions	Medical institutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:				
Sales to external customers	46,714	4,024	5,414	56,152
Segment results	18,511	1,310	1,327	21,148
Reconciliation:				
Other income and gains				169
Selling and distribution expenses				(3,266)
Administrative expenses				(4,845)
Research and development costs				(11,113)
Other expenses				(327)
Finance costs				(401)
Profit before tax				1,365

Geographical information

During the Relevant Periods and the six months ended 30 June 2019, the Group operated within one geographical segment because all of its revenue was generated in Mainland China and all of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no geographical segment information is presented.

Information about major customers

Aggregated revenue of RMB17,438,000, RMB57,580,000, RMB60,780,000, RMB20,258,000 and RMB28,607,000 were derived from sales by the financial institutions segment to the following single customers, which individually accounted for more than 10% of the Group's revenue for the year ended 31 December 2017, 2018, 2019 and the six months ended 30 June 2019 and 2020, respectively.

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Customer 1	5,410	28,989	23,870	7,774	13,304
Customer 2	3,919	28,591	21,414	6,587	9,085
Customer 3	3,309	N/A*	N/A*	N/A*	N/A*
Customer 4	2,523	N/A*	N/A*	N/A*	N/A*
Customer 5	2,277	N/A*	N/A*	N/A*	N/A*
Customer 6	N/A*	N/A*	15,496	5,897	6,218

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the respective years.

5. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2017	Financial institutions	Others	Total
	RMB'000	RMB'000	RMB'000
Revenue:			
Type of goods or services			
Software development services	16,101	390	16,491
Technical and maintenance services	4,575	–	4,575
	20,676	390	21,066
Timing of revenue recognition			
Over time	20,676	390	21,066
Total revenue from contracts with customers	20,676	390	21,066

For the year ended 31 December 2018	Financial institutions	Others	Total
	RMB'000	RMB'000	RMB'000
Revenue:			
Type of goods or services			
Software development services	82,523	6,144	88,667
Technical and maintenance services	20,022	–	20,022
Sale of software	7,124	4,758	11,882
	109,669	10,902	120,571
Timing of revenue recognition			
Goods transferred at a point in time	7,124	4,758	11,882
Services transferred over time	102,545	6,144	108,689
Total revenue from contracts with customers	109,669	10,902	120,571

For the year ended 31 December 2019	Financial institutions	Medical institutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue:				
Type of goods or services				
Software development services	96,498	12,294	7,140	115,932
Technical and maintenance services	18,899	–	–	18,899
Sale of standard software	11,577	–	2,562	14,139
	126,974	12,294	9,702	148,970
Timing of revenue recognition				
Goods transferred at a point in time	11,577	–	2,562	14,139
Services transferred over time	115,397	12,294	7,140	134,831
Total revenue from contracts with customers	126,974	12,294	9,702	148,970

For the six months ended 30 June 2020	Financial institutions	Medical institutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue:				
Type of goods or services				
Software development services	43,473	2,720	1,368	47,561
Technical and maintenance services	8,778	–	–	8,778
Sale of standard software	802	–	1,614	2,416
	53,053	2,720	2,982	58,755
Timing of revenue recognition				
Goods transferred at a point in time	802	–	1,614	2,416
Services transferred over time	52,251	2,720	1,368	56,339
Total revenue from contracts with customers	53,053	2,720	2,982	58,755

For the six months ended 30 June 2019 (Unaudited)	Financial institutions	Medical institutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue:				
Type of goods or services				
Software development services	33,773	4,024	5,414	43,211
Technical and maintenance services	8,366	–	–	8,366
Sale of standard software	4,575	–	–	4,575
	46,714	4,024	5,414	56,152
Timing of revenue recognition				
Goods transferred at a point in time	4,575	–	–	4,575
Services transferred over time	42,139	4,024	5,414	51,577
Total revenue from contracts with customers	46,714	4,024	5,414	56,152

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of 2017, 2018, 2019 and 2020:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:					
Software development services	–	859	4,027	2,798	1,384
Technical and maintenance services	–	63	214	127	116
	–	922	4,241	2,925	1,500

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Software development services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30-180 days upon issuance of invoice and receipt of acceptance from customers on milestones as agreed by both parties. A certain percentage of payment is retained by customers until the end of the retention period.

Technical and maintenance services

The performance obligation is satisfied over time as services are rendered and the credit period granted to the customers is normally due upon completion of the service, which is normally for periods of one year or less, or are billed based on the actual time/work incurred, which are due within 30-180 days from the date of billing.

Sale of standard software

The performance obligation is satisfied upon acceptance of software and payment is generally due within 30-180 days from acceptance by customers, except for new customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2017, 2018 and 2019 and 30 June 2020 are as follows:

	As at 31 December			As at 30 June
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Amounts expected to be recognised as revenue:				
Within one year	26,811	25,808	17,936	13,579
After one year	–	6,964	3,754	1,092
	26,811	32,772	21,690	14,671

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised after one year relate to software development services and technical services, of which the performance obligations are to be satisfied within two years. All the other amount of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained and revenue that will be recognised using the right to invoice practical expedient.

	Year ended 31 December			Six months ended 30 June	
Other income and gains	**2017**	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Bank interest income	33	82	128	38	100
Interest income arising from revenue contracts	–	4	63	36	9
Foreign exchange gains	–	34	12	–	11
VAT refunds and other tax subsidies*	–	243	1,649	95	961
Fair value gains on financial assets at fair value through profit or loss	–	–	–	–	129
Others	351	–	–	–	–
	384	363	1,852	169	1,210

* Refunds of VAT on software products represent the refund upon payment of VAT with respect to the portion of any effective VAT rate in excess of 3% in respect of software product sales of the Group pursuant to the principles of the State Council document entitled "Certain Policies to Encourage the Development of Software Enterprise and the IC Industry" and the approval of the state taxation authorities.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December 2017	2018	2019	Six months ended 30 June 2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Research and development costs:						
Deferred expenditure amortised		–	–	–	–	117
Current year expenditure		3,201	10,454	14,276	11,113	3,355
		3,201	10,454	14,276	11,113	3,472
Employee benefit expense (including directors' and chief executives' remuneration (*note 8*)):						
Wages and salaries		10,823	60,133	69,272	33,580	34,029
Pension scheme contributions (defined contribution scheme)		2,532	9,999	13,112	5,611	5,146
Depreciation of property and equipment	13	504	893	1,847	1,272	315
Depreciation of right of use assets	14	1,753	4,268	4,486	2,264	2,194
Rent concessions	14	–	–	–	–	(330)
Amortisation of intangible assets	15	101	442	1,508	377	1,330
Impairment losses recognised for trade receivables	16	5	127	809	14	1,030
Impairment losses recognised/(reversed) for contract assets	17	13	(1)	46	13	203
Listing expenses		–	–	5,150	–	8,222
Auditors' remuneration		61	52	38	19	28

7. FINANCE COSTS

	Year ended 31 December 2017	2018	2019	Six months ended 30 June 2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on bank loans	–	–	358	–	–
Interest on lease liabilities *(note 14)*	186	563	780	401	300
	186	563	1,138	401	300

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Mr. Zhai Shuchun (翟曙春), Ms. Qin Yi (秦禕), Ms. Qiao Huimin (喬慧敏) and Mr. Li Xiaodong (李小東) were appointed as executive directors of the Company in 2019. Mr. Tang Baoqi (唐保祺), Ms. Jing Liping (景麗萍) and Mr. Ye Jinfu (葉金福) were appointed as independent non-executive directors of the Company in 2019.

Certain of the directors received remuneration from a subsidiary now comprising the Group for their appointment as directors or senior management of this subsidiary. The remuneration of each of these directors as recorded in the financial statements of the subsidiary is set out below:

	Year ended 31 December 2017	2018	2019	Six months ended 30 June 2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances and benefits in kind	518	1,200	1,464	669	572
Pension scheme contributions	119	227	248	115	93
	637	1,427	1,712	784	665

(a) Executive directors and independent non-executive directors

Year ended 31 December 2017	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000
Executive directors:			
Mr. Zhai Shuchun (翟曙春)	195	58	253
Ms. Qin Yi (秦禕)	193	41	234
Ms. Qiao Huimin (喬慧敏)	34	7	41
Mr. Li Xiaodong (李小東)	96	13	109
Independent non-executive directors:			
Mr. Tang Baoqi (唐保祺)	–	–	–
Mr. Ye Jinfu (葉金福)	–	–	–
Ms. Jing Liping (景麗萍)	–	–	–
	518	119	637

Year ended 31 December 2018	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000
Executive directors:			
Mr. Zhai Shuchun (翟曙春)	361	86	447
Ms. Qin Yi (秦禕)	248	42	290
Ms. Qiao Huimin (喬慧敏)	484	86	570
Mr. Li Xiaodong (李小東)	107	13	120
Independent non-executive directors:			
Mr. Tang Baoqi (唐保祺)	–	–	–
Mr. Ye Jinfu (葉金福)	–	–	–
Ms. Jing Liping (景麗萍)	–	–	–
	1,200	227	1,427

Year ended 31 December 2019	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000
Executive directors:			
Mr. Zhai Shuchun (翟曙春)	360	91	451
Ms. Qin Yi (秦禕)	513	52	565
Ms. Qiao Huimin (喬慧敏)	479	91	570
Mr. Li Xiaodong (李小東)	112	14	126
Independent non-executive directors:			
Mr. Tang Baoqi (唐保祺)	–	–	–
Mr. Ye Jinfu (葉金福)	–	–	–
Ms. Jing Liping (景麗萍)	–	–	–
	1,464	248	1,712

Six months ended 30 June 2020	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000
Executive directors:			
Mr. Zhai Shuchun (翟曙春)	165	33	198
Ms. Qin Yi (秦禕)	138	22	160
Ms. Qiao Huimin (喬慧敏)	208	33	241
Mr. Li Xiaodong (李小東)	61	5	66
Independent non-executive directors:			
Mr. Tang Baoqi (唐保祺)	–	–	–
Mr. Ye Jinfu (葉金福)	–	–	–
Ms. Jing Liping (景麗萍)	–	–	–
	572	93	665

Six months ended 30 June 2019 (unaudited)	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000
Executive directors:			
Mr. Zhai Shuchun (翟曙春)	180	43	223
Ms. Qin Yi (秦禕)	113	22	135
Ms. Qiao Huimin (喬慧敏)	312	43	355
Mr. Li Xiaodong (李小東)	64	7	71
Independent non-executive directors:			
Mr. Tang Baoqi (唐保祺)	–	–	–
Mr. Ye Jinfu (葉金福)	–	–	–
Ms. Jing Liping (景麗萍)	–	–	–
	669	115	784

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2019.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Relevant Periods and the six months ended 30 June 2019 included 2, 1, 2, 1 and 1 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the 3, 4, 3, 4 and 4 highest paid employees who are neither a director nor chief executive of the Group during the Relevant Periods and the six months ended 30 June 2019 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances and benefits in kind	398	2,361	1,496	1,081	987
Pension scheme contributions	47	222	251	178	145
	445	2,583	1,747	1,259	1,132

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
				(Unaudited)	
Nil to HK$1,000,000	3	4	3	4	4

During the Relevant Periods and the six months ended 30 June 2019, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly is not subject to income tax.

Pursuant to the PRC Enterprise Income Tax ("EIT") Law and the respective regulations, the subsidiaries in Mainland China are subject to income tax at a statutory rate of 25% for the Relevant Periods and the six months ended 30 June 2019.

A preferential tax treatment is available to Beijing Newlink, which was recognised as a High and New Technology Enterprise in October 2017 in Mainland China and a lower corporate income tax of 15% has been applied since then. The certificate of High and New Technology Enterprise has to be renewed every three years and Beijing Newlink has to re-apply for it every six years. The applicable tax rate was 15% for the Relevant Periods and the six months ended 30 June 2019.

Hong Kong profits tax have been provided at the rate of 16.5% on the Group's assessable profits derived from Hong Kong during the Relevant Periods and the six months ended 30 June 2019. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The major components of the income tax expense for the Relevant Periods and the six months ended 30 June 2019 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current tax-Mainland China	63	4,287	5,250	–	1,784
Deferred tax *(note 23)*	–	–	(128)	(1,037)	(207)
Total tax charge/(credit) for the year	63	4,287	5,122	(1,037)	1,557

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rate of Mainland China (i.e., 25%) where the main operating entity is domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Profit/(loss) before tax	1,602		35,410		38,235		1,365		4,631	
Tax at the statutory tax rate	401	25.0	8,852	25.0	9,559	25.0	342	25.0	1,158	25.0
Effect of different applicable tax rates for specific jurisdictions or enacted by local authority	(160)	(10.0)	(3,541)	(10.0)	(3,824)	(10.0)	(137)	(10.0)	(463)	(10.0)
Super deduction for research and development expenses	(240)	(15.0)	(1,176)	(3.3)	(1,483)	(3.9)	(1,250)	(91.6)	(391)	(8.4)
Expenses not deductible for tax	62	3.9	152	0.4	870	2.3	8	0.6	1,273	27.5
Tax charge/(credit) at the Group's effective tax rate	63	3.9	4,287	12.1	5,122	13.4	(1,037)	(76.0)	1,577	34.1

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2017, 2018 and 2019 and 30 June 2020, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, the Group's earnings will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The total amounts of temporary difference associated with the investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised were approximately nil, RMB27,172,000, RMB57,529,000 and RMB62,972,000 as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively.

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC, enterprises engaging in research and development activities are entitled to claim 150% of the research and development expenses from January 1, 2008 to December 31, 2017, and 175% of the research and development expenses from 1 January 2018 to 30 June 2020, as tax deductible expense.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group has no tax losses arising in Mainland China which can be utilised to offset against future taxable profits.

11. DIVIDENDS

No dividends had been paid or declared by the Company during the Relevant Periods and the six months ended 30 June 2019 since the Company was incorporated on 8 November 2019.

12. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganization and the basis of presentation of the Group's financial information for the Relevant Periods and the six months ended 30 June 2019 as disclosed in note 2.1 to the Historical Financial Information.

13. PROPERTY AND EQUIPMENT

	Electronic equipment and furniture	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000
31 December 2017			
At 1 January 2017			
Cost	98	–	98
Accumulated depreciation	(93)	–	(93)
Net carrying amount	5	–	5
At 1 January 2017, net of accumulated depreciation	5	–	5
Additions	1,081	2,014	3,095
Depreciation provided during the year *(note 6)*	(125)	(379)	(504)
At 31 December 2017, net of accumulated depreciation	961	1,635	2,596
At 31 December 2017:			
Cost	1,179	2,014	3,193
Accumulated depreciation	(218)	(379)	(597)
Net carrying amount	961	1,635	2,596

	Electronic equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2018				
At 1 January 2018:				
Cost	1,179	2,014	–	3,193
Accumulated depreciation	(218)	(379)	–	(597)
Net carrying amount	961	1,635	–	2,596
At 1 January 2018, net of accumulated depreciation	961	1,635	–	2,596
Additions	128	–	1,915	2,043
Depreciation provided during the year *(note 6)*	(221)	(672)	–	(893)
At 31 December 2018, net of accumulated depreciation	868	963	1,915	3,746
At 31 December 2018:				
Cost	1,307	2,014	1,915	5,236
Accumulated depreciation	(439)	(1,051)	–	(1,490)
Net carrying amount	868	963	1,915	3,746
31 December 2019				
At 1 January 2019:				
Cost	1,307	2,014	1,915	5,236
Accumulated depreciation	(439)	(1,051)	–	(1,490)
Net carrying amount	868	963	1,915	3,746
At 1 January 2019, net of accumulated depreciation	868	963	1,915	3,746
Additions	667	464	–	1,131
Transfer	–	1,915	(1,915)	–
Depreciation provided during the year *(note 6)*	(347)	(1,500)	–	(1,847)
At 31 December 2019, net of accumulated depreciation	1,188	1,842	–	3,030
At 31 December 2019:				
Cost	1,974	4,393	–	6,367
Accumulated depreciation	(786)	(2,551)	–	(3,337)
Net carrying amount	1,188	1,842	–	3,030

	Electronic equipment and furniture	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000
30 June 2020			
At 1 January 2020			
Cost	1,974	4,393	6,367
Accumulated depreciation	(786)	(2,551)	(3,337)
Net carrying amount	1,188	1,842	3,030
At 1 January 2020, net of accumulated depreciation	1,188	1,842	3,030
Additions	81	–	81
Disposals	(20)	–	(20)
Depreciation provided during the period *(note 6)*	(178)	(137)	(315)
At 30 June 2020, net of accumulated depreciation	1,071	1,705	2,776
At 30 June 2020:			
Cost	2,035	4,393	6,428
Accumulated depreciation	(964)	(2,688)	(3,652)
Net carrying amount	1,071	1,705	2,776

14. LEASES

The Group as a lessee

The Group has lease contracts for office buildings used for its operations. They generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	–	5,379	17,176	13,354
Additions	7,132	16,065	664	–
Depreciation charge *(note 6)*	(1,753)	(4,268)	(4,486)	(2,194)
At the end of the year/period	5,379	17,176	13,354	11,160

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	–	3,727	16,896	12,367
New leases	7,132	16,065	664	–
Accretion of interest recognised during the year/period *(note 7)*	186	563	780	300
Payments	(3,591)	(3,459)	(5,973)	(2,342)
Rent concessions	–	–	–	(330)
Carrying amount at 31 December/30 June	3,727	16,896	12,367	9,995
Analysed into:				
Current portion	1,242	3,458	2,111	1,583
Non-current portion	2,485	13,438	10,256	8,412

The maturity analysis of lease liabilities is disclosed in note 32 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
Interest on lease liabilities	186	563	780	401	300
Depreciation charge of right-of-use assets	1,753	4,268	4,486	2,264	2,194
Rent concessions	–	–	–	–	(330)
Total amount recognised in profit or loss	1,939	4,831	5,266	2,665	2,164

(d) The total cash outflow for leases is disclosed in note 27(c) to the Historical Financial Information.

15. INTANGIBLE ASSETS

	Software license	**Total**
	RMB'000	**RMB'000**
31 December 2017		
At 1 January 2017:		
Cost	340	340
Accumulated amortisation	(147)	(147)
Net carrying amount	193	193
At 1 January 2017, net of accumulated amortisation	193	193
Additions	310	310
Amortisation provided during the year *(note 6)*	(101)	(101)
At 31 December 2017, net of accumulated amortisation	402	402
At 31 December 2017:		
Cost	650	650
Accumulated amortisation	(248)	(248)
Net carrying amount	402	402

	Software license	**Total**
	RMB'000	**RMB'000**
31 December 2018		
At 1 January 2018:		
Cost	650	650
Accumulated amortisation	(248)	(248)
Net carrying amount	402	402
At 1 January 2018, net of accumulated amortisation	402	402
Additions	3,257	3,257
Amortisation provided during the year *(note 6)*	(442)	(442)
At 31 December 2018, net of accumulated amortisation	3,217	3,217
At 31 December 2018:		
Cost	3,907	3,907
Accumulated amortisation	(690)	(690)
Net carrying amount	3,217	3,217

	Software license	Deferred Development costs	Total
	RMB'000	RMB'000	RMB'000
31 December 2019			
At 1 January 2019:			
Cost	3,907	–	3,907
Accumulated amortisation	(690)	–	(690)
Net carrying amount	3,217	–	3,217
At 1 January 2019, net of accumulated amortisation	3,217	–	3,217
Additions	8,532	899	9,431
Amortisation provided during the year *(note 6)*	(1,508)	–	(1,508)
At 31 December 2019, net of accumulated amortisation	10,241	899	11,140
At 31 December 2019:			
Cost	12,439	899	13,338
Accumulated amortisation	(2,198)	–	(2,198)
Net carrying amount	10,241	899	11,140

	Software license	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000
30 June 2020			
At 1 January 2020:			
Cost	12,440	899	13,339
Accumulated amortisation	(2,199)	–	(2,199)
Net carrying amount	10,241	899	11,140
At 1 January 2020, net of accumulated amortisation	10,241	899	11,140
Additions	464	3,058	3,522
Amortisation provided during the period *(note 6)*	(1,213)	(117)	(1,330)
At 30 June 2020, net of accumulated amortisation	9,492	3,840	13,332
At 30 June 2020:			
Cost	12,904	3,957	16,861
Accumulated amortisation	(3,412)	(117)	(3,529)
Net carrying amount	9,492	3,840	13,332

The deferred development costs refer to the expenditure incurred on projects to develop software which are used to provide services or goods to customers. The capitalised development costs will be amortised on the straight-line basis over its estimated useful life of not more than 3 years, commencing from the date when the software is put into commercial use.

The development costs not yet available for use is tested for impairment at the end of each reporting period. An impairment exists when the carrying value of development costs exceeds its recoverable amount. The recoverable amount of the development costs has been determined by using the value in use based on the expected future cash flows from the cash-generating unit to which the asset is allocated. The pre-tax discount rate and profit margin are the key parameters. The pre-tax discount rate is determined based on current market assessments of the time value of money and the risks specific to the asset. The profit margin is determined based on the historical experience of similar products. The key parameters used in the impairment testing are as follows:

	31 December 2019	30 June 2020
Profit margin	47%	37%
Pre-tax discount rate	20%	22%

Sensitivity analysis

As at 31 December 2019 and 30 June 2020, the estimated recoverable amount of the cash-generating unit exceeded its carrying value by RMB11,271,000 and RMB5,234,000, respectively. The directors of the Company believed that no reasonably possible change in any of the above key assumptions would cause the carrying value of the cash-generating unit to exceed its recoverable amount.

The decrease of the profit margin by 23% and 12% to assumptions used in the impairment review would have, in isolation, led to the cash-generating unit's recoverable amount to be equal to its carrying value as at 31 December 2019 and 30 June 2020, respectively.

16. TRADE RECEIVABLES

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	3,803	70,169	73,230	101,026
Impairment	(5)	(132)	(941)	(1,971)
	3,798	70,037	72,289	99,055

Trade receivables represented the outstanding invoiced values for software development services, technical and maintenance services and sale of standard software receivable from the customers.

The Group's trading terms with its customers are mainly on credit. For software development services, the credit period granted to the customers is normally 30-180 days upon issuance of invoice and receipt of acceptance from customers during the course of contracts. The forms of acceptance evidenced the satisfaction from the customers of the progress of completion. For sale of standard software, the credit period granted to the customers is normally 30-180 days upon the goods were accepted by the customers, except for new customers, where payment in advance is normally required. For technical and maintenance services, the credit period granted to the customers is normally due upon completion of the service or 30-180 days from the date of billing.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of large state-owned financial institutions and hospitals in Mainland China, there is certain concentration of credit risk, details of which are set out in note 33 to the Historical Financial Information. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the recognition date of gross trade receivables and net of provision, is as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	3,798	59,248	33,368	23,125
91 to 180 days	–	5,316	15,912	26,761
181 days to 1 year	–	5,293	4,453	29,616
1 year to 2 years	–	180	18,556	19,553
	3,798	70,037	72,289	99,055

The movements in the allowance for expected credit losses of trade receivables are as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	–	5	132	941
Provision for expected credit losses	5	127	809	1,030
At the end of year/period	5	132	941	1,971

An impairment analysis is performed at each reporting date using a loss rate approach to measure expected credit losses. The loss rates are based on groupings of various customer segments with similar loss patterns (i.e., customer type and rating). The Group develops loss-rate statistics on the basis of the amount expected to be written off over the life of the financial assets by reference to the credit rating of the customers, and also adjusted these loss trends for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of future recovery.

31 December 2017	**Amount**	**Expected credit loss rate**	**Impairment**
	RMB'000		**RMB'000**
Trade receivables aged:			
Within 1 year	3,803	0.13%	5
	3,803		5

31 December 2018	**Amount**	**Expected credit loss rate**	**Impairment**
	RMB'000		**RMB'000**
Trade receivables aged:			
Within 1 year	69,981	0.18%	124
1 to 2 years	188	4.30%	8
	70,169		132

31 December 2019	**Amount**	**Expected credit loss rate**	**Impairment**
	RMB'000		**RMB'000**
Trade receivables aged:			
Within 1 year	53,814	0.15%	81
1 to 2 years	19,416	4.43%	860
	73,230		941

30 June 2020	**Amount**	**Expected credit loss rate**	**Impairment**
	RMB'000		**RMB'000**
Trade receivables aged:			
Within 1 year	80,437	1.16%	935
1 to 2 years	20,589	5.03%	1,036
	101,026		1,971

17. CONTRACT ASSETS

	As at 31 December			**As at 30 June**
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Contract assets	6,798	8,677	23,488	30,114
Impairment	(13)	(12)	(58)	(261)
	6,785	8,665	23,430	29,853
Analysed into:				
Current portion	6,785	7,731	22,635	29,050
Non-current portion	–	934	795	803

Contract assets are initially recognised for revenue earned from software development services as the receipt of consideration is conditional on the successful acceptance by the customers. Upon completion of the contracts and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2018, 2019 and 2020 was the result of the increase in software development services at the end of the year/period.

The expected timing of recovery or settlement for contract assets as at 31 December 2017, 2018 and 2019 and 30 June 2020 is as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	6,785	7,731	22,635	29,050
After one year	–	934	795	803
Total contract assets	6,785	8,665	23,430	29,853

The movements in the loss allowance for impairment of contract assets are as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	–	13	12	58
Provision/(reversal of provision) for expected credit losses	13	(1)	46	203
At end of year/period	13	12	58	261

An impairment analysis is performed at each reporting date using a loss rate approach to measure expected credit losses. The loss rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases, and groupings of various customer segments with similar loss patterns (i.e., customer type and rating). These loss trends determined by referencing to credit rating data are then adjusted for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets based on loss-rate statistics:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
Expected credit loss rate	0.19%	0.14%	0.25%	0.87%
Gross carrying amount (RMB'000)	6,798	8,677	23,488	30,114
Expected credit losses (RMB'000)	13	12	58	261

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion				
Deposits	488	1,819	1,450	1,450
Current portion				
Prepayments	37	499	2,157	4,960
Deposits and other receivables	1,400	1,904	2,540	2,213
	1,437	2,403	4,697	7,173

At the end of each of the Relevant Periods, the amounts due from non-trade debtors were unsecured and interest-free. None of the above assets was either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

The credit exposures of the above balances have no significant increase in credit risk since initial recognition, the Group is required to provide for 12-month expected credit loss. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward looking macroeconomic data. During the Relevant Periods, the Group estimated the expected credit loss rate for the above receivables to be insignificant.

19. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	25,090	15,515	57,339	22,669
Denominated in:				
RMB	24,405	14,795	40,622	21,727
US$	685	720	16,717	821
HK$	–	–	–	121

The cash and bank balances of the Group denominated in RMB amounted to RMB24,405,000, RMB14,795,000, RMB40,622,000 and RMB21,727,000 as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively. The RMB is not freely convertible into other currencies, however, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

20. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	144	2,321	841	–
3 to 6 months	–	555	14	–
6 months to 1 year	16	–	17	–
Over 1 year	1,621	1,637	25	14
	1,781	4,513	897	14

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

21. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligations as at 31 December 2017, 2018 and 2019 and 30 June 2020 that are expected to be recognised within one year:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term advance from customers				
Software development services	859	4,027	1,384	88
Technical and maintenance services	63	214	116	240
	922	4,241	1,500	328

Contract liabilities include short-term advances received to provide software development services and technical and maintenance services. The increase in contract liabilities in 2018 was mainly due to the increase in short-term advances received from customers in relation to the provision of software development services and technical and maintenance services at the end of the year. The decrease in contract liabilities in 2019 and 2020 was mainly due to the decrease in short-term advances received from customers in relation to the provision of software development services and technical and maintenance services at the end of the period.

22. OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries and welfare payables	140	460	460	4,254
Other tax payables	345	2,061	2,198	924
Other payables	10,167	17,827	1,221	1,854
	10,652	20,348	3,879	7,032

Other payables are non-interest-bearing and repayable on demand.

23. DEFERRED TAX

Deferred tax asset	Impairment of trade receivables and contract assets			
	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	–	–	–	128
Deferred tax credited to profit or loss during the year/period *(note 10)*	–	–	128	207
At the end of the year/period	–	–	128	335

24. AMOUNTS DUE FROM/TO SHAREHOLDERS

Amounts due from shareholders

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Silver Cooperation RP Info Consulting Co., Ltd.	–	–	40,000	–
Tampu Technology Limited	–	–	14	–
Well Fancy Development Ltd.	–	–	8,000	–
Charlie Waffle Holdings Limited	–	–	8,000	–
	–	–	56,014	–

Amounts due to shareholders

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Zhai Shuchun	–	–	17,000	–
Mr. Yuan Yukai	–	–	20,000	–
	–	–	37,000	–

The amounts due from/to shareholders are non-trade in nature, unsecured, interest-free and repayable on demand. As at 30 June 2020, all the above balances had been settled.

25. SHARE CAPITAL

The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 8 November 2019 with authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. On the same day, 300 and 200 shares of the Company were issued to Nebular SC Holdings Limited and Earnest Kai Holdings Limited, which were wholly-owned by Mr. Zhai Shuchun and Mr. Yuan Yukai, respectively.

On November 29, 2019, the Company issued 5.0505 shares with a par value of US$1.00 each to Silver Cooperation RP Info Consulting Co., Ltd.

On 30 December 2019, each of the issued and unissued shares of the Company with a par value of US$1.00 was subdivided into 1,000,000 shares with a par value of US$0.000001 each, after which, the authorised share capital of the Company was US$50,000 divided into 50,000,000,000 shares with par value of US$0.000001 each.

On December 30, 2019, immediately after the subdivision of shares, the Company issued (i) 22,422,000 shares with a par value of US$0.000001 each to Silver Cooperation RP Info Consulting Co., Ltd, (ii) 10,989,000 shares with a par value of US$0.000001 each to Tampu Technology Limited, (iii) 5,494,500 shares with a par value of US$0.000001 each to Charlie Waffle Holdings Limited, and (iv) 5,494,500 shares with a par value of US$0.000001 each to Well Fancy Development Ltd..

On 30 December 2019 and immediately after the subdivision of shares, 50,549,500 shares were issued to existing shareholders of the Company from the capital reserve account of the Company, after which, the issued number of shares increased to 600,000,000.

Shares

	31 December 2019	30 June 2020
	RMB'000	RMB'000
Authorised:		
50,000,000,000 ordinary shares of US$0.000001 each	349	349
Issued and fully paid:		
600,000,000 ordinary shares of US$0.000001 each	4	4

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Par value	Share capital	Share capital
		US$	US$	RMB'000
As at 1 January 2019	–	–	–	–
Upon establishment	500	1	500	3
Issue of shares on 29 November 2019	5	1	5	–*
Share subdivision (1/1,000,000)	505,049,995	–	–	–
After share subdivision	505,050,500	0.000001	505	3
Issue of shares on 30 December 2019	44,400,000	0.000001	44	1
Capitalisation issue	50,549,500	0.000001	51	–*
As at 31 December 2019 and 30 June 2020	600,000,000	0.000001	600	4

26. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the six months ended 30 June 2019 are presented in the consolidated statements of changes in equity on page I-6 and I-7 of the Historical Financial Information.

(a) Share Premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Merger reserve

The merger reserve represents the difference between the aggregate of the paid-up share capital of the subsidiaries and the consideration paid by the Group for the business combination under common control.

(c) Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the subsidiaries of the Group, each of the companies that is domiciled in the PRC is required to allocate 10% of its profit after tax, as determined in accordance with PRC generally accepted accounting principles, to the statutory surplus reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

Statutory surplus reserve is non-distributable except in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as paid-up capital.

(d) Exchange fluctuation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

A summary of the Company's reserves is as follows:

	Share premium	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	–	–	–	–
Capital contribution by shareholders of the Company	71,996	–	–	71,996
At 31 December 2019 and 1 January 2020	71,996	–	–	71,996
Exchange fluctuation reserve	–	1,137	–	1,137
Loss for the period	–	–	(220)	(220)
Total comprehensive income for the year	–	1,137	(220)	1,917
Capital contribution by shareholders of the Company	3,467	–	–	3,467
At 30 June 2020	75,463	1,137	(220)	76,380

27. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB7,132,000, RMB16,065,000, RMB664,000, RMB664,000 and nil, respectively, in respect of lease arrangements for office buildings.

During the six months ended 30 June 2020, amounts due to shareholders of RMB37,000,000 were transferred to the share capital of Beijing Newlink.

(b) Changes in liabilities arising from financial activities:

	Lease liabilities	Interest – bearing bank borrowings	Amount due to shareholders
	RMB'000	RMB'000	RMB'000
At 1 January 2017	–	–	–
Changes from financing cash flows	(3,405)	–	–
New leases	7,132	–	–
Interest expense	186	–	–
Interest paid classified as operating cash flows	(186)	–	–
At 31 December 2017 and 1 January 2018	3,727	–	–
Changes from financing cash flows	(2,896)	–	–
New leases	16,065	–	–
Interest expense	563	–	–
Interest paid classified as operating cash flows	(563)	–	–
At 31 December 2018 and 1 January 2019	16,896	–	–
Changes from financing cash flows	(5,193)	–	37,000
New bank loans	–	30,000	–
Repayment of bank loans	–	(30,000)	–
New leases	664	–	–
Interest expense	780	–	–
Interest paid classified as operating cash flows	(780)	–	–
At 31 December 2019 and 1 January 2020	12,367	–	37,000
Changes from financing cash flows	(2,042)	–	–
Transfer to the share capital of a subsidiary	–	–	(37,000)
Rent concessions	(330)	–	–
Interest expense	300	–	–
Interest paid classified as operating cash flows	(300)	–	–
At 30 June 2020	9,995	–	–

	Lease liabilities	Amounts due to shareholders
	RMB'000	RMB'000
At 31 December 2018 and 1 January 2019	16,896	–
Changes from financing cash flows (unaudited)	(2,112)	3,800
New leases (unaudited)	664	–
Interest expense (unaudited)	401	–
Interest paid classified as operating cash flows (unaudited)	(401)	–
At 30 June 2019 (unaudited)	15,448	3,800

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Within operating activities	186	563	780	401	300
Within financing activities	3,405	2,896	5,193	2,112	2,042

28. COMMITMENTS

The Group did not have any significant commitments at the end of each of the Relevant Periods.

29. RELATED PARTY TRANSACTIONS

Name of related party	Relationship with the Group
Beijing Guanruitong E-commerce Technology Co., Ltd. ("Guanruitong")	Entity controlled by the controlling shareholder
Beijing Yunwang Wanwei Technology Co., Ltd. ("Yunwang")	Entity controlled by the controlling shareholder
Mr. Zhai Shuchun	The controlling shareholder and chief executive director
Mr. Yuan Yukai	A shareholder

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following material related party transactions during the Relevant Periods and the six months ended 30 June 2019:

(a) Transactions with related party

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Technical services provided to Guanruitong	–	3,498	–	–	–
Purchase of office supplies from Guanruitong	–	83	89	37	21
	–	3,581	89	37	21

The provision of technical services to the related party and the purchase of office supplies from the related party were made according to the prices and terms agreed between the parties.

(b) Outstanding balances with related parties

As disclosed in the consolidated statements of financial position, the Group had outstanding balances with related parties at 31 December 2017, 2018 and 2019 and 30 June 2020.

Amounts due from related parties

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Yunwang	–	–	10	–
Guanruitong	331	1,110	2,222	–
	331	1,110	2,232	–

The amounts due from related parties are unsecured, interest-free and repayable on demand.

The amount due from Yunwang is non-trade in nature and the amount due from Guanruitong is trade in nature. As at 30 June 2020, all the above balances had been settled.

An impairment analysis is performed at each reporting date using a loss rate approach to measure expected credit losses. During the Relevant Periods, the Group estimated that the expected credit loss rate for the above receivables is insignificant.

As at 30 June 2020, the Company had amounts due from subsidiaries of RMB76,374,000 and due to a subsidiary of RMB2,000, respectively. These balances are non-trade in nature, unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	580	1,265	1,532	704	616
Pension scheme contributions	135	245	265	125	97
	715	1,510	1,797	829	713

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

(d) Mr. Zhai Shu Chun provided a guarantee for certain bank loans made to the Group of up to RMB30,000,000 in 2019. In November 2019, the guarantees had been released due to the full repayment of the secured loans and we have no other pledge or guarantee provided by any of our related parties.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each of the Relevant Periods are as follows:

	As at 31 December			As at 30 June
Financial assets at amortised costs	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	3,798	70,037	72,289	99,055
Financial assets included in prepayments, deposits and other receivables	1,400	1,904	2,540	2,213
Long-term deposits	488	1,819	1,450	1,450
Amounts due from related parties	331	1,110	2,232	–
Amounts due from shareholders	–	–	56,014	–
Pledged deposits	–	–	15	15
Cash and cash equivalents	25,090	15,515	57,339	22,669
	31,107	90,385	191,879	125,402

	As at 31 December			As at 30 June
Financial liabilities at amortised costs	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,781	4,513	897	14
Lease liabilities	3,727	16,896	12,367	9,995
Amounts due to shareholders	–	–	37,000	–
Financial liabilities included in other payables and accruals	10,167	17,827	1,221	1,449
	15,675	39,236	51,485	11,458

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the fair values of the Group's financial assets or liabilities approximated to their respective carrying amounts.

Management has determined that the carrying amounts of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, amounts due from related parties, amounts due from shareholders, trade payables, lease liabilities and financial liabilities included in other payables and accruals reasonably approximate to their fair values because these financial instruments are mostly short-term in nature.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at fair value through profit or loss and lease liabilities. The Group has various other financial assets and liabilities such as trade receivables, other receivables, trade payables and other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group is exposed to interest rate risk in relation to lease liabilities at 31 December 2017, 2018 and 2019 and 30 June 2020. The Group's fair value interest rate risk is mainly concentrated on the fluctuations of the market rates from banks.

The Group has not used any interest rate hedging policy to mitigate its exposure associated with interest rate risk. However, management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

In the opinion of the directors, the expected change in interest rate will not have a significant impact on the Group.

Credit risk

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, financial assets at fair value through profit or loss, pledged deposits, trade receivables, deposits and other receivables and amounts due from shareholders and related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and other receivables are disclosed in notes 16 and 18 to the Historical Financial Information, respectively.

Since the Group trades mainly with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by product type.

The following table demonstrates the concentrations of credit risk of the total trade receivables which were due from the Group's five largest debtors.

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	%	%	%	%
Percentage of total trade receivables due from:				
Group's five largest trade debtors	99	77	74	78

Maximum exposure and year/period-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on credit rating unless other information is available without undue cost or effort, as at 31 December 2017, 2018 and 2019 and 30 June 2020. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2017

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets*	–	–	–	6,798	6,798
Trade receivables*	–	–	–	3,803	3,803
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,888	–	–	–	1,888
Amounts due from related parties					
– Normal**	331				331
Cash and cash equivalents					
– Not yet past due	25,090	–	–	–	25,090
	27,309	–	–	10,601	37,910

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets*	–	–	–	8,677	8,677
Trade receivables*	–	–	–	70,169	70,169
Financial assets included in prepayments, deposits and other receivables					
– Normal**	3,723	–	–	–	3,723
Amounts due from related parties					
– Normal**	1,110	–	–	–	1,110
Cash and cash equivalents					
– Not yet past due	15,515	–	–	–	15,515
	20,348	–	–	78,846	99,194

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets*	–	–	–	23,488	23,488
Trade receivables*	–	–	–	73,230	73,230
Financial assets included in prepayments, deposits and other receivables					
– Normal**	3,990	–	–	–	3,990
Amounts due from shareholders					
– Normal**	56,014	–	–	–	56,014
Amounts due from related parties					
– Normal**	2,232	–	–	–	2,232
Pledged deposits					
– Not yet past due	15	–	–	–	15
Cash and cash equivalents					
– Not yet past due	57,339	–	–	–	57,339
	119,590	–	–	96,718	216,308

As at 30 June 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets*	–	–	–	30,114	30,114
Trade receivables*	–	–	–	101,026	101,026
Financial assets included in prepayments, deposits and other receivables					
– Normal**	3,663	–	–	–	3,663
Pledged deposits					
– Not yet past due	15	–	–	–	15
Cash and cash equivalents					
– Not yet past due	22,669	–	–	–	22,669
	26,347	–	–	131,140	157,487

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the loss rate approach is disclosed in notes 16 and 17 to the Historical Financial Information, respectively.

** The credit quality of the financial assets included in prepayments, deposits and other receivables and amounts due from shareholders and related parties are considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful."

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operation. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

	As at 31 December 2017					
	On demand	Less than three months	3 months to 1 year	1 year to 2 years	Over 2 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	160	1,621	–	–	–	1,781
Lease liabilities	–	529	891	2,042	526	3,988
Financial liabilities included in other payables and accruals	–	10,167	–	–	–	10,167
	160	12,317	891	2,042	526	15,936

	As at 31 December 2018					
	On demand	Less than three months	3 months to 1 year	1 year to 2 years	Over 2 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	2,876	1,637	–	–	–	4,513
Lease liabilities	–	1,337	2,882	3,922	10,793	18,934
Financial liabilities included in other payables and accruals	–	17,827	–	–	–	17,827
	2,876	20,801	2,882	3,922	10,793	41,274

	As at 31 December 2019					
	On demand	Less than three months	3 months to 1 year	1 year to 2 years	Over 2 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	872	25	–	–	–	897
Lease liabilities	–	1,070	1,653	4,296	6,642	13,661
Amounts due to shareholders	37,000	–	–	–	–	37,000
Financial liabilities included in other payables and accruals	–	1,221	–	–	–	1,221
	37,872	2,316	1,653	4,296	6,642	52,779

	As at 30 June 2020					
	On demand	Less than three months	3 months to 1 year	1 year to 2 years	Over 2 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	14	–	–	–	–	14
Lease liabilities	–	1,070	1,033	4,429	4,428	10,960
Financial liabilities included in other payables and accruals	–	1,854	–	–	–	1,854
	14	2,924	1,033	4,429	4,428	12,828

Capital management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of business.

The directors of the Company review the asset-liability ratio, which is total assets divided by total liability, on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall share capital structure through the raising of new debts as well as the redemption of any existing debts, and manage the asset-liability ratios. The Group's overall strategy remained unchanged during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	46,306	123,688	245,118	187,818
Total liabilities	17,145	48,404	58,221	17,921
Asset-liability ratio	37%	39%	24%	10%

33. EVENTS AFTER THE REPORTING PERIOD

On 16 July 2020, one subsidiary of the Company obtained an unsecured one-year maturity bank loan from Bank of Ningbo with the amount of RMB5,000,000.

On 19 October 2020, one subsidiary of the Company obtained an unsecured one-year maturity bank loan from China CITIC Bank with the amount of RMB10,000,000.

III. SUBSEQUENT FINANCIAL STATEMENT

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2020.

The information set forth in this appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our consolidated net tangible assets as of 30 June 2020 as if it had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 30 June 2020 or any future dates. It is prepared based on our consolidated net tangible assets as of 30 June 2020 as set out in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Consolidated net tangible assets attributable to owners of the Company as of 30 June 2020(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per Share(3)	
		(RMB in thousands)		RMB	HK$(4)
Based on an Offer Price of HK$3.06 per Share . . .	155,057	446,000	601,057	0.75	0.89
Based on an Offer Price of HK$4.36 per Share . .	155,057	651,114	806,171	1.01	1.19

Notes:

(1) Our consolidated net tangible assets attributable to owners of our Company as of June 30, 2020 is extracted from the Accountants' Report in Appendix I to this prospectus, which is based on the audited consolidated net assets attributable to owners of our Company as of June 30, 2020 of approximately RMB168.4 million, with an adjustment for the other intangible assets of RMB13.3 million as of June 30, 2020.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$3.06 and HK$4.36 per Share, being the lower end to higher end of the stated Offer Price range, after deduction of the underwriting fees and other estimated listing expenses payable by our Company and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK$1.0 to RMB0.84381 prevailing on December 11, 2020.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived after adjustments referred to in the preceding paragraphs and on the basis that 800,000,000 Shares were in issue immediately upon completion of the Global Offering (without taking into account of any Shares which may be allotted and issued upon exercise of the Over-allotment Option), which is assumed to be on June 30, 2020 for the purpose of the pro forma financial information.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.84381 prevailing on December 11, 2020.

(5) No adjustment has been made to reflect trading results or other transactions subsequent to June 30, 2020.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose for inclusion in this prospectus.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of Newlink Technology Inc.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Newlink Technology Inc. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 June 2020, and related notes as set out on page II-1 of the prospectus dated 7 April 2020 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in notes thereto.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Global Offering of shares of the Company on the Group's financial position as at 30 June 2020 as if the transaction had taken place at 30 June 2020. As part of this process, information about the Group's Pro Forma Financial Information has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2020, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Global Offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
21 December 2020

1 MEMORANDUM OF ASSOCIATION

The Memorandum of Association of the Company was conditionally adopted on December 5, 2020 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents available for inspection."

2 ARTICLES OF ASSOCIATION

The Articles of Association of the Company were conditionally adopted on December 5, 2020 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$50,000 divided into 50,000,000,000 shares of US$0.000001 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Act and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Act and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Act and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Act.

2.6 Special resolution — majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Act.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Act or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date. Where a general meeting is so postponed, the Company shall endeavour to cause a notice of such postponement to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of such meeting.

Where a general meeting is postponed:

(a) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(b) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Act, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 8, 2019 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account." At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(i) on or in respect of the shares, debentures or other obligations of the Company; or

(ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

The undertaking is for a period of twenty years from March 19, 2020.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the section headed "Documents available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on November 8, 2019. Our registered office address is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. As our Company was incorporated in the Cayman Islands, we are subject to the relevant laws of the Cayman Islands and the Memorandum and Articles of Association. A summary of certain provisions of our Memorandum and Articles of Association and certain relevant aspects of the Cayman Companies Act is set out in Appendix III to this prospectus.

We have established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on April 1, 2020, under the same address. Ms. HO Wing Nga has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company. The address for service of process is the same as our principal place of business in Hong Kong as set out above.

As at the date of this prospectus, our Company's head office was located at 5/F, Tower A, Xueqing Jiachuang Building, Xueqing Road, Haidian District, Beijing, PRC.

2. Changes in share capital of our Company

As of the date of incorporation, the authorized share capital of our Company was US$50,000 divided into 50,000 shares with a par value of US$1.00 each. The following sets out the changes in our Company's share capital since its incorporation and up to the date of this prospectus:

(a) On November 8, 2019, immediately after its incorporation, one share our Company with a par value of US$1.00 was allotted and issued to its initial subscriber, Sertus Nominees (Cayman) Limited, who on the same day transferred the share to Nebula SC. Also on the same day, our Company issued (i) 299 shares our Company with a par value of US$1.00 each to Nebula SC, and (ii) 200 shares our Company with a par value of US$1.00 each to Earnest Kai.

(b) On November 29, 2019, our Company issued 5.0505 shares with a par value of US$1.00 each to Silver Cooperation RP Info Consulting Co., Ltd.

(c) On December 30, 2019, each of our issued and unissued share with a par value of US$1.00 each was subdivided into 1,000,000 shares of our Company with a par value of US$0.000001 each, such that the authorized share capital of our Company was US$50,000 divided into 50,000,000,000 Shares with a par value of US$0.000001 each.

(d) On December 30, 2019, immediately after the subdivision of shares, our Company issued (i) 22,422,000 Shares with a par value of US$0.000001 each to Silver Cooperation RP Info Consulting Co., Ltd, (ii) 10,989,000 Shares with a par value of US$0.000001 each to Tampu Technology Limited, (iii) 5,494,500 Shares with a par value of US$0.000001 each to Charlie Waffle Holdings Limited, and (iv) 5,494,500 Shares with a par value of US$0.000001 each to Well Fancy Development Ltd..

(e) On December 30, 2019, immediately after the issuance of shares, our Company allotted and issued a total of additional 50,549,500 Shares standing to the credit of the capital reserve account of our Company by applying such sum in paying up in full at par for allotment and issue to the persons whose names appear on the register of members of our Company immediately after the issuance of shares in proportion to their respective shareholdings in our Company, and the Shares allotted and issued rank *pari passu* in all respects with the existing issued Shares.

Immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), our issued Shares will be 800,000,000 Shares, all fully paid or credited as fully paid, and 49,200,000,000 Shares will remain unissued.

Immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), our issued Shares will be 830,000,000 Shares, all fully paid or credited as fully paid, and 49,170,000,000 Shares will remain unissued.

Save as disclosed above and in "— 3. Written resolutions of the Shareholders of our Company passed on December 5, 2020" in this section, there has been no alteration in the share capital of our Company since its inception.

3. Written resolutions of the Shareholders of our Company passed on December 5, 2020

On December 5, 2020, resolutions of the Shareholders were passed that, among other things:

(1) conditional upon the satisfaction (or, if applicable waiver) of the conditions set out in "Structure and Conditions of the Global Offering — Conditions of the Global Offering" and pursuant to the terms set out therein:

(a) our Company approved and adopted the Memorandum and the Articles with effect upon the Listing Date;

(b) the Listing, the Global Offering and grant of the Over-allotment Option were approved and the Directors (or any duly authorized committee thereof) were authorized to approve to allot and issue the Offer Shares and the Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option on and subject to the terms and conditions stated in this prospectus and in the relevant application forms;

(c) an aggregate of 80,000,000 ordinary shares, being 10% of the issued share capital of the Company as of the date on which the Shares first commence trading on the Stock Exchange (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), was authorized and reserved for the issuance of Shares pursuant to the Post-IPO Share Option Scheme; the Post-IPO Share Option Scheme, the principal terms of which are set forth in "— D. Post-IPO Share Option Scheme" in this appendix, was approved and adopted, conditional on (i) the Listing Committee of the Stock Exchange granting approval of the Post-IPO Share Option Scheme, and the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options to be granted under the Post-IPO Share Option Scheme; and (ii) the commencement of dealing in the Shares on the Stock Exchange; and the Board (or any duly authorized committee thereof) was authorized to, among others, administer the Post-IPO Share Option Scheme in accordance with the respective terms and exercise all the powers of the Company to allot, issue and deal with Shares underlying options to be granted under the Post-IPO Share Option Scheme with a nominal value not exceeding the respective limits set out in the Post-IPO Share Option Scheme and apply for a listing of such Shares on the Stock Exchange;

(d) a general unconditional mandate was given to the Directors authorizing them to exercise all the powers of the Company to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers whether during or after the end of the Relevant Period (as defined below), provided that the Directors may not issue warrants, options or similar rights to subscribe for any new Shares or any securities convertible into new Shares for cash consideration pursuant to such mandate and the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors other than pursuant to (i) a right issue, (ii) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares, (iii) the exercise of the Post-IPO Share Option, (iv) the exercise of any subscription or conversion rights attached to any warrants or securities which are convertible into Shares or in issue prior to the date of passing the relevant resolution or (v) a specific authority granted by the Shareholder(s) in general meeting, shall not exceed the aggregate of:

(i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option); and

(ii) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (e) below;

(e) a general unconditional mandate (the "Repurchase Mandate") was given to the Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for the purpose) with a total nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option);

(f) the general unconditional mandate as mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted and issued or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option); and

Each of the general mandates referred to in paragraphs (1)(d), (1)(e) and (1)(f) above will remain in effect until whichever is the earliest of (the "Relevant Period"):

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which our Company is required by any applicable law or the Memorandum and the Articles to hold our next annual general meeting; or

(iii) the time when such mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting.

4. Changes in share capital of the subsidiaries of our Company

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report set out in Appendix I to this prospectus.

The following sets out changes in share capitals of subsidiaries of our Company during the two years immediately preceding the date of this prospectus:

(1) Newlink BVI

On November 18, 2019, Newlink BVI was incorporated under the laws of the BVI. Upon its incorporation, one share of Newlink BVI was allotted and issued to the Company.

(2) Newlink HK

On December 2, 2019, Newlink HK was incorporated under the laws of Hong Kong. Upon its incorporation, one share of Newlink HK was allotted and issued to Newlink BVI.

(3) Newlink Technology

On December 19, 2019, Newlink Technology was established under the laws of the PRC with a registered capital of US$15,000,000.

(4) Beijing Newlink

On November 25, 2019, the registered capital of Beijing Newlink was increased from RMB100,000,000 to RMB101,010,101 by way of capital contribution from Ms. BAI Hong of RMB1,010,101.

On December 24, 2019, the registered capital of Beijing Newlink was increased from RMB101,010,101 to RMB102,030,405 by way of capital contribution from Ms. WONG Shumin of RMB1,020,304.

On January 13, 2020, Mr. ZHAI Shuchun, Mr. YUAN Yukai, Ms. BAI Hong and Ms. WONG Shumin transferred their 58.81%, 39.20%, 0.99% and 1.00% equity interests, respectively, in Beijing Newlink to Newlink Technology.

(5) Beijing Newlink Healthcare Information

On November 19, 2019, Mr. ZHAI Shuchun transferred all his 10% equity interests in Beijing Newlink Healthcare Information to Beijing Newlink.

Save as disclosed above, there have been no changes in the share capital of any of the subsidiaries of our Company within two years immediately preceding the date of this prospectus.

5. Repurchase by our Company of our own securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(a) 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:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on December 5, 2020, the Repurchase Mandate was given to our Directors, details of which are set out in "— A. Further Information about our Company — 3. Written resolutions of the Shareholders of our Company passed on December 5, 2020."

(ii) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman law, any purchases by the 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 Memorandum and 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 Memorandum and Articles of Association and subject to the Cayman Companies Act.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (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.

(iv) 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 the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as cancelled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Companies Act.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and the Shareholders.

(c) Funding of Repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles and the applicable laws and regulations of the Cayman Islands. Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make repurchases with profits of the Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles and subject to Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), could accordingly result in up to approximately 80,000,000 Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum and Articles of Association or any other applicable laws to be held; or
- the time when the Repurchase Mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention, to sell any Shares to our Company.

No core connected person (as defined in the Listing Rules) has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

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, depending on the level of increase of Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

The Directors have no present intention to repurchase the Shares to the extent that will trigger the obligations under the Takeovers Code for the concert parties to make a mandatory offer.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances. Our Directors have no present intention to exercise the Repurchase Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR COMPANY'S BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) an investment framework agreement dated November 18, 2019 entered into among Beijing Newlink Technology Co., Ltd. (北京新紐科技有限公司), BAI Hong (柏紅), ZHAI Shuchun (翟曙春) and YUAN Yukai (袁宇凱), pursuant to which BAI Hong (柏紅) agreed to, among others, invest in our Company by subscription of the shares of our Company so as to own 5% of the issued share capital of our Company for a consideration of the amount in U.S dollars equivalent to RMB40,000,000;

(b) an investment framework agreement dated November 29, 2019 entered into among Beijing Newlink Technology Co., Ltd. (北京新紐科技有限公司), WONG Shumin (黃舒敏), ZHAI Shuchun (翟曙春), YUAN Yukai (袁宇凱) and BAI Hong (柏紅), pursuant to which WONG Shumin (黃舒敏) agreed to, among others, invest in our Company by subscription of the shares of our Company so as to own 1% of the issued share capital of our Company for a consideration of the amount in U.S dollars equivalent to RMB8,000,000;

(c) an investment framework agreement dated November 29, 2019 entered into among Beijing Newlink Technology Co., Ltd. (北京新紐科技有限公司), WANG Weibin (王偉斌), ZHAI Shuchun (翟曙春), YUAN Yukai (袁宇凱) and BAI Hong (柏紅), pursuant to which WANG Weibin (王偉斌) agreed to, among others, invest in our Company by subscription of the shares of our Company so as to own 2% of the issued share capital of our Company for a consideration of the amount in U.S dollars equivalent to RMB16,000,000;

(d) an investment framework agreement dated November 29, 2019 entered into among Beijing Newlink Technology Co., Ltd. (北京新紐科技有限公司), PAU Hung To (鮑洪濤), ZHAI Shuchun (翟曙春), YUAN Yukai (袁宇凱) and BAI Hong (柏紅), pursuant to which PAU Hung To (鮑洪濤) agreed to, among others, invest in our Company by subscription of the shares of our Company so as to own 1% of the issued share capital of our Company for a consideration of the amount in U.S dollars equivalent to RMB8,000,000;

(e) a supplemental agreement dated December 2, 2019 in relation to the investment framework agreement entered into among Beijing Newlink Technology Co., Ltd. (北京新紐科技有限公司), BAI Hong (柏紅), ZHAI Shuchun (翟曙春) and YUAN Yukai (袁宇凱), pursuant to which, among others, (i) investment deadline was extended to January 31, 2020, and (ii) ZHAI Shuchun (翟曙春) and YUAN Yukai (袁宇凱) committed to repurchase from BAI Hong (柏紅) if the Listing is terminated, paused or lapses, in proportion to their equity interest in our Company at the same amount of consideration paid by BAI Hong (柏紅) plus accrued interest;

(f) a supplemental agreement dated December 2, 2019 in relation to the investment framework agreement entered into among Beijing Newlink Technology Co., Ltd. (北京新紐科技有限公司), WONG Shumin (黃舒敏), ZHAI Shuchun (翟曙春), YUAN Yukai (袁宇凱) and BAI Hong (柏紅), pursuant to which, among others, (i) investment deadline was extended to January 31, 2020, and (ii) ZHAI Shuchun (翟曙春) and YUAN Yukai (袁宇凱) committed to repurchase from WONG Shumin (黃舒敏) if the Listing is terminated, paused or lapses, in proportion to their equity interest in our Company at the same amount of consideration paid by WONG Shumin (黃舒敏) plus accrued interest;

(g) a supplemental agreement dated December 2, 2019 in relation to the investment framework agreement entered into among Beijing Newlink Technology Co., Ltd. (北京新紐科技有限公司), WANG Weibin (王偉斌), ZHAI Shuchun (翟曙春), YUAN Yukai (袁宇凱) and BAI Hong (柏紅), pursuant to which, among others, (i) investment deadline was extended to January 31, 2020, and (ii) ZHAI Shuchun (翟曙春) and YUAN Yukai (袁宇凱) committed to repurchase from WANG Weibin (王偉斌) if the Listing is terminated, paused or lapses, in proportion to their equity interest in our Company at the same amount of consideration paid by WANG Weibin (王偉斌) plus accrued interest;

(h) a supplemental agreement dated December 2, 2019 in relation to the investment framework agreement entered into among Beijing Newlink Technology Co., Ltd. (北京新紐科技有限公司), PAU Hung To (鮑洪濤), ZHAI Shuchun (翟曙春), YUAN Yukai (袁宇凱) and BAI Hong (柏紅), pursuant to which, among others, (i) investment deadline was extended to January 31, 2020, and (ii) ZHAI Shuchun (翟曙春) and YUAN Yukai (袁宇凱) committed to repurchase from PAU Hung To (鮑洪濤) if the Listing is terminated, paused or lapses, in proportion to their equity interest in our Company at the same amount of consideration paid by PAU Hung To (鮑洪濤) plus accrued interest;

(i) a cornerstone investment agreement dated December 17, 2020 entered into among our Company, Mont Avenir Capital Limited and Hony Goldstream Asset Management (Shenzhen) Limited (弘毅金涌資產管理(深圳)有限公司) (in its capacity as investment manager for and on behalf of Hony Goldstream Special Opportunity Fund I (弘毅金涌特殊機會投資1號私募證券投資基金)), pursuant to which Hony Goldstream Special Opportunity Fund I (弘毅金涌特殊機會投資1號私募證券投資基金) agreed to subscribe at the Offer Price for such number of Shares that may be purchased with RMB48,500,000 (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee), rounded down to the nearest whole board lot of 800 Shares;

(j) a cornerstone investment agreement dated December 17, 2020 entered into among our Company, Mont Avenir Capital Limited and Caitong Fund Management Co., Ltd. (財通基金管理有限公司) (in its capacity as the discretionary fund manager for and on behalf of CT Fund Xihe Overseas No.2 Targeted Asset Management Plan (財通基金熙和海外2號單一資產管理計劃)), pursuant to which CT Fund Xihe Overseas No.2 Targeted Asset Management Plan (財通基金熙和海外2號單一資產管理計劃) agreed to subscribe at the Offer Price for such number of Shares that may be purchased with RMB30,000,000 (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee), rounded down to the nearest whole board lot of 800 Shares; and

(k) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

a. Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be material to the business of our Group:

No.	Trademark	Registered Owner	Registration Number	Place of Registration	Class	Expiry Date
1.	nEWlink 新纽科技	Beijing Newlink	305110136	Hong Kong	9, 42	November 11, 2029
2.	新纽科技	Beijing Newlink	43970547	PRC	42	October 6, 2030

As of the Latest Practicable Date, we have applied for the registration of the following trademark which we consider to be material to the business of our Group:

No.	Trademark	Applicant	Application Number	Place of Registration	Class	Application Date
1.	nEWlink 新纽科技	Beijing Newlink	47152955	PRC	42	June 11, 2020

b. Patents

As of the Latest Practicable Date, we have registered the following patent, which we consider to be material to the business of our Group:

No.	Patent	Category	Patentee(s)	Patent Number	Place of Registration	Application Date
1.	Computer with graphical user interface for medical quality control and safety warning management (用於醫院醫療質量監管與安全預警管理的圖形用戶界面的電腦)	Design	Beijing Newlink	ZL201930461074.9	PRC	August 23, 2019

As of the Latest Practicable Date, we have applied for the registration of the following patent, which we consider to be material to the business of our Group:

No.	Patent	Category	Patentee(s)	Application Number	Place of Registration	Application Date
1.	A method for locating and parsing compatible user interface elements and web page elements (一種兼容客戶端界面元素與網頁頁面元素的定位和解析方法)	Invention patent	Beijing Newlink	ZL202011093200.8	PRC	October 14, 2020

c. Copyrights

As of the Latest Practicable Date, we have registered the following computer software copyrights, which we consider to be material to the business of our Group:

No.	Copyrights	Version	Registration Number	Place of Registration	Registered Owner	Registration Date
1.	Data center system (數據中心系統)	V3.0	2019SR0813492	PRC	Beijing Newlink	August 6, 2019
2.	Enterprise official website system (企業官網系統)	V1.0	2019SR0813484	PRC	Beijing Newlink	August 6, 2019
3.	Mobile platform system (移動平台系統)	V2.0	2019SR0810921	PRC	Beijing Newlink	August 5, 2019
4.	WeChat platform system (微信平台系統)	V2.0	2019SR0816279	PRC	Beijing Newlink	August 6, 2019
5.	Account management system (賬戶管理系統)	V1.0	2019SR0816275	PRC	Beijing Newlink	August 6, 2019
6.	Medical quality control and safety warning system (醫院醫療質量管理與安全預警綜合平台)	V4.2	2019SR0660262	PRC	Beijing Newlink	June 26, 2019
7.	RPA platform (RPA平台)	V2.0	2019SR0659543	PRC	Beijing Newlink	June 26, 2019
8.	Data extraction platform (數據抽取平台)	V2.0	2019SR0632722	PRC	Beijing Newlink	June 19, 2019

No.	Copyrights	Version	Registration Number	Place of Registration	Registered Owner	Registration Date
9.	Application system in the field of artificial intelligence image text recognition (人工智能圖像文字識別領域的應用系統)	V1.0	2019SR0019461	PRC	Beijing Newlink	January 7, 2019
10.	Hospital performance assessment system (醫院績效考核系統)	V1.0	2019SR0019602	PRC	Beijing Newlink	January 7, 2019
11.	Hospital cost accounting system (醫院成本核算系統)	V1.0	2019SR0019606	PRC	Beijing Newlink	January 7, 2019
12.	Hospital medical quality control and safety warning integrated platform (醫院醫療質量管理與安全預警綜合平台)	V3.0	2018SR964742	PRC	Beijing Newlink	November 30, 2018
13.	Integrated employee management platform (員工綜合管理平台)	V2.0	2018SR958348	PRC	Beijing Newlink	November 29, 2018
14.	Trust butler platform (信託管家平台)	V2.0	2018SR899672	PRC	Beijing Newlink	November 12, 2018
15.	Database optimization and audit platform (數據庫優化審計平台)	V2.0	2018SR899669	PRC	Beijing Newlink	November 12, 2018
16.	RPA robotic process automation platform (RPA機器人流程自動化平台)	V1.0	2018SR673347	PRC	Beijing Newlink	August 23, 2018
17.	Over-the-counter bond bookkeeping system (記賬式櫃檯債系統)	V1.0	2018SR672652	PRC	Beijing Newlink	August 22, 2018
18.	Unified payment system (綜合支付平台)	V2.0	2018SR672450	PRC	Beijing Newlink	August 22, 2018
19.	Medical quality supervision system (醫療質量監管系統)	V2.0	2018SR228856	PRC	Beijing Newlink	April 3, 2018
20.	Enterprise customer relationship management system (企業客戶關係管理系統)	V4.00	2017SR349311	PRC	Beijing Newlink	July 6, 2017
21.	Enterprise customer information management system (企業客戶信息管理系統)	V1.00	2017SR349443	PRC	Beijing Newlink	July 6, 2017
22.	Enterprise auditing System (企業通用審計系統)	V1.00	2017SR349305	PRC	Beijing Newlink	July 6, 2017
23.	Next-generation WEB counter system (新一代WEB櫃面系統)	V3.00	2017SR349856	PRC	Beijing Newlink	July 6, 2017

No.	Copyrights	Version	Registration Number	Place of Registration	Registered Owner	Registration Date
24.	Commercial bank supervision data reporting platform (商業銀行監管數據報送平台)	V3.20	2017SR349850	PRC	Beijing Newlink	July 6, 2017
25.	Enterprise IT operation and maintenance management system (企業IT運維管理系統)	V2016	2017SR349487	PRC	Beijing Newlink	July 6, 2017
26.	PBOC unified payment platform (人行統一支付平台)	V2.20	2017SR342564	PRC	Beijing Newlink	July 4, 2017
27.	Data aggregation platform (數據匯聚平台)	V2.80	2017SR331089	PRC	Beijing Newlink	June 30, 2017
28.	BEAI platform (BEAI企業級業務集成平台)	V2.00	2017SR331851	PRC	Beijing Newlink	June 30, 2017
29.	Core application front-end system (核心應用前置系統)	V3.00	2017SR331043	PRC	Beijing Newlink	June 30, 2017
30.	Multi-channel information access management platform (多渠道信息接入管理平台)	V4.30	2017SR313521	PRC	Beijing Newlink	June 27, 2017
31.	New generation online trading technology platform (新一代聯機交易技術平台)	V3.00	2017SR313103	PRC	Beijing Newlink	June 27, 2017
32.	Big data exchange platform system (大數據交換平台系統)	V1.0	2017SR313586	PRC	Beijing Newlink	June 27, 2017
33.	RTAP financial monitoring and reporting management platform (RTAP金融監測上報管理平台)	V2.0	2017SR313083	PRC	Beijing Newlink	June 27, 2017
34.	Enterprise outreach gateway access platform (企業外聯網關接入平台)	V3.00	2017SR313233	PRC	Beijing Newlink	June 27, 2017
35.	Commercial bank intermediate business platform (商業銀行中間業務平台)	V1.0	2017SR216073	PRC	Beijing Newlink	May 27, 2017
36.	Enterprise service ESB system (企業服務總線ESB系統)	V3.00	2017SR170345	PRC	Beijing Newlink	May 10, 2017
37.	National debt system (國債系統)	V1.0	2017SR137983	PRC	Beijing Newlink	April 25, 2017
38.	Over-the-counter bond bookkeeping system (記賬式櫃檯債系統)	V2.0	2019SR1115649	PRC	Beijing Newlink	November 4, 2019
39.	Clinical big data mining and exploration system (臨床大數據挖掘與探索系統)	V2.0	2020SR0007528	PRC	Beijing Newlink	January 2, 2020

No.	Copyrights	Version	Registration Number	Place of Registration	Registered Owner	Registration Date
40.	Workflow engine platform (工作流引擎平台)	V5.0	2020SR0007270	PRC	Beijing Newlink	January 2, 2020
41.	Decision support system (決策支持系統)	V3.0	2020SR0007279	PRC	Beijing Newlink	January 2, 2020
42.	Centralized management and statistical system of clinical scientific research data (臨床科研數據集中管理與統計系統)	V2.0	2020SR0007534	PRC	Beijing Newlink	January 2, 2020
43.	Critical values management system (危急值管理系統)	V2.0	2020SR0007369	PRC	Beijing Newlink	January 2, 2020
44.	Medical electronic medical record information management and quality control system (醫療電子病歷信息管理與質量控制系統)	V3.0	2020SR0007353	PRC	Beijing Newlink	January 2, 2020
45.	Clinical intelligent knowledge base system (臨床智能知識庫系統)	V2.0	2020SR0007488	PRC	Beijing Newlink	January 2, 2020
46.	Newlink bank customer management system (新紐銀行客戶管理系統)	V4.0	2012SR049582	PRC	Beijing Newlink	June 12, 2012
47.	Newlink bank account management system (新紐銀行賬戶管理系統)	V4.0	2012SR049595	PRC	Beijing Newlink	June 12, 2012
48.	RPA platform (RPA平台)	V3.0	2020SR0396446	PRC	Beijing Newlink	April 29, 2020
49.	Micro-service Business Platform (新壹代微服務業務平台)	V1.0	2020SR0393180	PRC	Beijing Newlink	April 29, 2020
50.	Verification code recognition service system based on machine learning (基於機器學習的驗證碼識別服務系統)	V1.0	2020SR0589051	PRC	Beijing Newlink	June 9, 2020
51.	Application code generator system based on springboot (基於springboot的應用代碼生成器系統)	V1.0	2020SR0588640	PRC	Beijing Newlink	June 9, 2020

d. Domain Names

As of the Latest Practicable Date, we have registered the following domain name which we consider to be material to the business of our Group:

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
1.	www.xnewtech.com	Beijing Newlink	April 27, 2017	August 10, 2025

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

a. Interests and short positions of the Directors and chief executive in the share capital of our Company and our associated corporations following the Global Offering

Immediately following completion of the Global Offering (assuming no exercise of the Over-allotment Option and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option), the interests or short positions of the Directors and the chief executive in the Shares, underlying Shares and debentures of our Company or any of our 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 recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, once the Shares are listed, will be as follows:

Interests in Shares or Underlying Shares

				Upon the Listing	
		As of the Latest Practicable Date		Approximate percentage of shareholding (Assuming no exercise of the Over-allotment Option and without taking into account any Shares to be issued upon exercise of the Post-IPO Share Option)	
Name	**Capacity/Nature of interest**	**Number of Shares[(1)]**	**Approximate percentage of Shareholding**	**Number of Shares[(1)]**	**Approximate percentage of shareholding**
Mr. ZHAI Shuchun [(2)] . . .	Interest in a controlled corporation	327,600,000 (L)	54.6%	327,600,000 (L)	40.95%

Notes:

(1) The letter “L” denotes the person’s long position in the Shares.

(2) Mr. ZHAI Shuchun is deemed to be interested in the entire interests upon the Listing held by Nebula SC, which is wholly-owned by Mr. ZHAI Shuchun.

b. Interests and short positions of the substantial shareholders in the Shares and underlying Shares of our Company

Save as disclosed in “Substantial Shareholders” in this prospectus, our Directors or chief executive are not aware of any other person, not being a Director or chief executive of our Company, who has any interest or short position in the Shares or underlying shares of the Company, which, upon the Listing, would fall to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

c. Interests of the substantial shareholders of any member of our Group (other than our Company)

Name	Capacity/Nature of interest	Registered share capital[1]	Name of other members of our Group	Approximate percentage of interest
Ms. LIU Jin	Beneficial owner	RMB3,000,000 (L)	Beijing Newlink Healthcare Information	10%

Note:

(1) Registered share capital represents the registered share capital that is contributed by relevant shareholders.

2. Directors' service contracts and letters of appointment

On December 5, 2020, each of the executive Directors has entered into a service contract with our Company, and each of the non-executive Directors and independent non-executive Directors have entered into letters of appointment with our Company. The service contracts with each of the executive Directors are for an initial fixed term of three years commencing from December 5, 2020. The letters of appointment with each of the non-executive Directors and independent non-executive Directors are for an initial fixed term of three years commencing from December 5, 2020. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms or by either party giving to the other not less than three-month prior written notice. The appointment of the Directors is subject to the provisions of retirement and rotation of Directors under the Articles.

For the three years ended December 31, 2019 and the six months ended June 30, 2020, the aggregate of the remuneration paid and benefits in kind granted to the Directors by our Group was RMB0.6 million, RMB1.4 million, RMB1.7 million and RMB0.7 million, respectively. Under the arrangements currently in force, our Company estimates that the aggregate emolument payable to the Directors (excluding discretionary bonus and any options granted pursuant to share incentive schemes) by our Company for the year ending December 31, 2020 will be approximately RMB2.0 million.

Except as disclosed above, no other emoluments have been paid or are payable for the three years ended December 31, 2019 and the six months ended June 30, 2020 by our Company to the Directors. Save as disclosed above, none of our Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group. Details of the Company's remuneration policy is described in "Directors and Senior Management — Directors' Remuneration."

3. Disclaimers

(a) None of the Directors nor any of the parties listed in the section headed "— E. Other Information — 10. Consents of experts" of this Appendix is interested directly or indirectly, in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.

(b) Save in connection with the Underwriting Agreements, none of the Directors nor any of the parties listed in the section headed "— E. Other Information — 10. Consents of experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our Company's business taken as a whole.

(c) Save in connection with the Underwriting Agreements, none of the parties listed in the section headed "— E. Other Information — 10. Consents of experts" of this Appendix:

  (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or

  (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries.

(d) Save as disclosed in this Appendix, none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(e) None of the Directors or their associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of the Directors, owns more than 5% of our Company's issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

D. POST-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Post-IPO Share Option Scheme approved by the resolutions of our Shareholders passed on December 5, 2020:

a. Purpose of the Post-IPO Share Option Scheme

The purpose of this Post-IPO Share Option Scheme is to attract, retain and motivate employees, Directors and such other Participant (as defined below), and to provide a means of compensating them through the grant of options pursuant to the terms of the Post-IPO Share Option Scheme ("Options") for their contribution to the growth and profits of our Group, and to allow such employees, Directors and other persons to participate in the growth and profitability of our Group.

b. Conditions and Present Status of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall take effect conditional upon (i) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options; and (ii) the commencement of dealing in the Shares on the Stock Exchange. As at the date of this prospectus, no option has been granted or agreed to be granted under the Post-IPO Share Option Scheme. No option is expected to be granted under the Post-IPO Share Option Scheme prior to the Listing Date.

c. Eligible Participants

On and subject to the terms of the Post-IPO Share Option Scheme, the Board shall be entitled at any time to offer to grant to (i) any employee (whether full time or part time) of our Company or its subsidiaries, including any officer or executive Director, (ii) any independent non-executive Director of our Company, and (iii) any consultant of our Company or any of its subsidiaries ("Participants") as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price. The basis of eligibility of any of the class of Participants to the grant of any Options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group.

d. Administration of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be subject to the administration of our Board who may delegate all or part of such administration to a committee or any other authorized agent. Save as otherwise provided in the Post-IPO Share Option Scheme, for any matters concerning the interpretation or application of this scheme, the decision of the Board or persons to whom our Board has delegated relevant powers shall be final and binding on all parties.

Our Board shall have the power from time to time to make or vary regulations for the administration and operation of the Post-IPO Share Option Scheme, provided that the same are not inconsistent with the provisions of the scheme. In addition, our Board may in its discretion appoint one or more professional trustees or service providers to assist with the administration and management of the Post-IPO Share Option Scheme.

e. Offer and Grant of Options

No offer of grant of Option shall be made after inside information has come to the knowledge of the Company until such inside information has been published in accordance with the Listing Rules. In particular, no option may be granted during the period of one (1) 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 the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

An offer of the grant of an Option ("Offer") shall be deemed to have been accepted and the Option to which such offer relates shall be deemed to have been granted and to have taken effect when the duplicate letter comprising acceptance of offer duly signed by the Participant ("Grantee") with the number of Shares in respect of which such offer is accepted clearly stated therein. Once accepted, the Option is granted as from the Offer Date.

f. Subscription Price

The subscription price ("Subscription Price") shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option), but in any case the Subscription Price shall not be less than the higher of (a) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a Business Day ("Offer Date"), (b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) Business Days immediately preceding the date of grant, and (c) the nominal value of a Share.

g. Maximum number of Shares and entitlement of an eligible Participant

(a) The overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Post-IPO Share Option Scheme and other share option schemes of our Company (and to which the provisions of the Listing Rules are applicable) shall not exceed 30% of the Shares in issue from time to time.

(b) The Shares which may be issued upon exercise of all Options to be granted under the Post-IPO Share Option Scheme and other share option schemes of our Company (and to which the provisions of the Listing Rules are applicable) shall not exceed 80,000,000 Shares, (i.e. 10% of the aggregate of the Shares in issue on the Listing Date ("Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating this Scheme Mandate Limit.

(c) Our Company may seek approval of our Shareholders in general meeting for refreshing the Scheme Mandate Limit. However, the Scheme Mandate Limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of the approval of our Shareholders. Options previously granted under the Post-IPO Share Option Scheme or any other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Post-IPO Share Option Scheme or any other share option scheme of our Company) will not be counted for the purpose of calculating the limit as "refreshed." A circular containing the information required under the Listing Rules shall be sent to our Shareholders in connection with the meeting at which their approval will be sought.

(d) Our Company may seek separate approval by our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit (as refreshed) provided the Grantee(s) of such Option(s) must be specifically identified by our Company before such approval is sought. A circular containing a generic description of the specified Grantees who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting such Options to the Grantees with an explanation as to how the terms of Options serve such purpose and other information required under the Listing Rules shall be sent to our Shareholders.

(e) The total number of Shares issued and to be issued upon exercise of the Options granted to each eligible Participant (including exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the Shares in issue (the "Individual Limit"). Any further grant of Options to an eligible Participant which would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to our Shareholders' approval in general meeting with such eligible Participant and his or her close associates (as defined under the Listing Rules, or his or her associate if the Participant is a connected person) abstaining from voting. A circular containing the information required under the Listing Rules shall be sent to our Shareholders. The number and terms (including the Subscription Price) of the Options to be granted to such Participant must be fixed before our Shareholders' approval is sought and the date of the meeting of the Board for proposing such further grant of Option should be taken as the date of grant for the purpose of calculating the Subscription Price.

h. Grant of Options to Connected Persons

(a) Any grant of Options to a Participant who is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or their respective associates shall be subject to approval by the independent non-executive Directors of our Company (excluding the independent non-executive Director who is the Grantee).

(b) Where our Board proposes to grant any Option to a Participant who is a substantial shareholder (with the meaning as ascribed under the Listing Rules) of our Company or an independent non-executive Director of our Company, or any of their respective associates would result in our Shares issued and to be issued upon exercise of all options already granted and to be granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) to him in the 12-month period up to and including the proposed Offer Date of such grant (the "Relevant Date"):

(i) representing in aggregate more than 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue on the Relevant Date; and

(ii) having an aggregate value, based on the closing price of our Shares as stated in the Stock Exchange's daily quotation sheet on the Relevant Date, in excess of HK$5,000,000 (or such other higher amount as may from time to time be specified by the Stock Exchange),

such proposed grant of Options must be approved by our Shareholders (voting by way of poll). In such a case, our Company shall send a circular to our Shareholders containing all those terms as required under the Listing Rules. The Participant concerned and all other connected persons of our Company must abstain from voting in favor of the resolution at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the circular to be sent to our Shareholders in connection therewith.

i. Exercise of Options

An Option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during the period to be determined by our Board at its absolute discretion and notified by our Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the Post-IPO Share Option Scheme ("Option Period").

j. Vesting

Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules to which the Post-IPO Share Option Scheme may be subject, including the Listing Rules or regulations of any stock exchange on which the Shares may be listed and quoted. Furthermore, the Shares to be issued and allotted to a Grantee pursuant to the exercise of any Option under the Post-IPO Share Option Scheme may or may not, at the discretion of the Board, be subject to any retention period.

k. Performance Target and Minimum Period before Exercise

Unless otherwise determined by our Board and specified in the offer letter to be given to the Participant at the time of the offer of the Option, there is no general requirement for any performance target that needs to be achieved by the Grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised.

l. Options are personal to the Grantee

An Option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favor of any third party over or in relation to any Option, except for the transmission of an Option on the death or incapacitation of the Grantee to his or her personal representative(s) according to the terms of the Post-IPO Share Option Scheme.

m. Rights on death, or termination of employment, directorship, office or appointment

Subject to the terms and conditions upon which such Option was granted, an Option may be exercised by the Grantee (or his or her legal personal representatives) at any time during the Option Period, provided that:

(a) in the event of the Grantee ceasing to be an employee (whether full time or part time) of our Company or its subsidiaries, including any executive Director ("Eligible Employee"), by reason of non-renewal of his or her employment contract upon termination, or retirement, or internal reorganization, or if the Grantee is a Director, the cessation as a Director upon rotation, the Grantee shall be entitled within a period of three (3) months from the date of cessation of employment which shall be the last actual working day with our Company or the relevant subsidiary to exercise any Option in whole or in part (to the extent which has become exercisable but not yet exercised prior to such date of cessation); and

(b) in the event that the Grantee ceases to be a Participant (as the case may be) by reason of death or incapacitation (provided that none of the events which would be a ground for termination of his or her employment arises prior to his or her death or incapacitation), the legal personal representative(s) of this Grantee shall be entitled within a period of twelve (12) months from the date of death or incapacitation (or such longer period as the Board may determine) to exercise the Option in whole or in part (to the extent which has become exercisable and not already exercised prior to such date of death or incapacitation).

n. Voluntary winding-up of our Company

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all Grantees and thereupon, each Grantee (or her legal personal representative(s)) shall be entitled to exercise all or any of his or her Options (to the extent which has become exercisable and not already exercised) at any time not later than three (3) Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid, which Shares shall rank pari passu with all other Shares in issue on the date prior to the passing of the resolution to wind-up our Company to participate in the distribution of assets of our Company available in liquidation.

o. Rights on take-over

In the event of a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of our Shares (or all such holders other than the offer or and/or any person controlled by the offer or and/or any person acting in association or concert with the offeror), our Company shall use all reasonable endeavors to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by exercise in full of the Options granted to them, shareholders of our Company. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his or her Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to our Company in exercise of his or her Option at any time before the close of such offer (or any revised offer).

p. Rights on a compromise or arrangement

In the event of a compromise or arrangement between our Company and its creditors (or any class of them) or between our Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such scheme or arrangement, and thereupon any Grantee (or his or her legal personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) months thereafter and the date on which such compromise or arrangement is sanctioned by Court be entitled to exercise his or her Option (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Our Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her or its Option so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

q. Effects of alterations to capital structure

In the event of any alteration in the capital structure of our Company while any Option remains exercisable, whether by way of capitalization of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, subdivision or reduction or similar reorganization of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), such corresponding alterations (if any) shall be made in (a) the number or nominal amount of Shares subject to the Option so far as unexercised, and/or (b) the Subscription Price, and/or (c) the method of exercise of the Option, as the auditors or the financial advisor of our Company retained for such purpose shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any alteration shall be made on the basis that the proportion of the issued share capital of our Company to which a Grantee is entitled after such alteration shall remain the same as that to which he or she or it was entitled before such alteration and that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but so that no such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustment will be required in circumstances where there is an issue of Shares or other securities of our Group as consideration in a transaction.

r. Lapse of Options

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(a) the expiry of the Option Period;

(b) the date of the expiry of the periods for exercising the Option;

(c) the date on which the offer (or as the case may be, revised offer) closes;

(d) the date of the commencement of the winding-up of our Company;

(e) the date when the proposed compromise or arrangement becomes effective;

(f) the date on which the Grantee ceases to be an Eligible Employee by reason of the termination of his or her employment on any one or more of the grounds that he or she voluntarily resigns, or has been guilty of misconduct or has found to have breached the terms of employment during his or her employment (regardless of whether such employment contract has already been terminated) leading to a material loss or damage to our Group, or his or her employment has terminated by reason of the failure of such employment to pass the annual evaluation, or has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at law or pursuant to any applicable laws or under the Grantee's service contract with our Company or the relevant subsidiary. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that employment of a Grantee has or has not been terminated shall be conclusive and binding on the Grantee;

(g) the date on which the Grantee commits a breach or the Options are cancelled in accordance with the Post-IPO Share Option Scheme; or

(h) if the Board at its absolute discretion determines that the Grantee (other than an Eligible Employee) has committed any breach of any contract entered into between the Grantee on the one part and any member of our Group on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally, the Board shall determine that the outstanding Options granted to the Grantee (whether exercisable or not) shall lapse. In such event, his or her Options will lapse automatically and will not in any event be exercisable on or after the date on which the Board has so determined.

s. Ranking of Share allotted upon exercise of Options

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Memorandum and Articles of Association of our Company for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue.

t. Duration of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will be valid and effective for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is conditionally adopted by resolution of our Shareholders.

u. Cancellation of Options granted

Subject to the consent from the relevant Grantee, our Board may at its discretion cancel Options previously granted to and yet to be exercised by a Grantee with the relevant Grantees abstaining from voting.

v. Termination of the Post-IPO Share Option Scheme

Our Company may terminate the operation of the Post-IPO Share Option Scheme at any time by resolution of the Board or resolution of our Shareholders in general meeting and in such event no further Option will be offered but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of the Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Post-IPO Share Option Scheme.

w. Alteration of the provisions of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme may be altered in any respect by resolution of the Board except that:

(i) any alteration to the advantage of the grantees or the Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and

(ii) any material alteration to the terms and conditions of the Post-IPO Share Option Scheme or any change to the terms of options granted (other than alterations that take effect automatically under the terms of the Post-IPO Share Option Scheme),

shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Post-IPO Share Option Scheme. The amended terms of the Post-IPO Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders in general meeting.

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

As of the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against our Company, that would have a material adverse effect on our results of operations or financial condition.

3. Preliminary expenses

Our Company's estimated preliminary expenses are approximately RMB25,000 and has been paid by our Company.

4. Promoter

There are no promoters of our Company.

5. Sole Sponsor

The Sole Sponsor made an application on our Company's behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including any Shares falling to be issued upon the exercise of the Over-allotment Option and upon the exercise of the Post-IPO Share Option). All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Sole Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules.

Our Company has entered into an engagement agreement with the Sole Sponsor, pursuant to which, the sponsor's fees payable by us in respect of the Sole Sponsor's services for the Listing is approximately HK$6.5 million.

6. No material adverse change

The Directors confirm that, as of the date of this prospectus, there has been no material adverse change in our financial or trading position since June 30, 2020 and there has been no event since June 30, 2020 which would materially affect the information presented in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

7. Binding effect

This prospectus 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.

8. Miscellaneous

(a) Within the two years immediately preceding the date of this prospectus, save as disclosed in the section headed "Our History and Corporate Development" in this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash.

(b) No share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(c) Neither our Company nor any of our subsidiaries has issued or agreed to issue any founder shares, management shares or deferred shares.

(d) Save in connection with the Underwriting Agreements, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group.

(e) Within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any Shares in or debentures of our Company or any of our subsidiaries.

(f) None of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

(g) Our Company has no outstanding convertible debt securities.

(h) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus.

9. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Mont Avenir Capital Limited	A corporation licensed to conduct Type 1 (Dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified public accountants
Grandway Law Offices	PRC legal advisors to our Company
Sher Tremonte LLP	Legal advisors concerning U.S. Securities and Exchange Commission and Foreign Corrupt Practices Act issues
Maples and Calder (Hong Kong) LLP	Cayman Islands attorneys-at-law
China Insights Industry Consultancy Limited	Industry consultant

10. Consents of experts

Each of the experts as referred to in "— E. Other Information — 9. Qualifications of experts" above in this prospectus has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

As of the Latest Practicable Date, none of the experts named above had any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

11. Bilingual prospectus

Pursuant to Rule 11.14 of the Listing Rules and section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately but are available to the public at the same time.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, among others:

(a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to the section headed "Statutory and General Information — B. Further Information about Our Company's Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus; and

(c) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 10. Consents of experts" in Appendix IV to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Wilson Sonsini Goodrich & Rosati at Suite 1509, 15/F, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) our Memorandum and Articles of Association;

(b) the Accountants' Report for the three years ended December 31, 2019 and the six months ended June 30, 2020 issued by Ernst & Young, and the report on the unaudited pro forma financial information prepared by Ernst & Young, the texts of which are set out in Appendix I and Appendix II to this prospectus, respectively;

(c) the audited consolidated financial statements of our Company for the three years ended December 31, 2019 and the six months ended June 30, 2020;

(d) the legal opinions issued by Grandway Law Offices, our PRC legal advisor, in respect of certain aspects of our Group and the property interests of our Group;

(e) the letter of advice issued by Maples and Calder (Hong Kong) LLP, our Cayman legal advisor, in respect of certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;

(f) the Cayman Companies Act;

(g) the legal opinion issued by Sher Tremonte LLP, our legal advisors concerning U.S. Securities and Exchange Commission and Foreign Corrupt Practices Act issues;

(h) the material contracts referred to the section headed "Statutory and General Information — B. Further Information about Our Company's Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus;

(i) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 10. Consents of Experts" in Appendix IV to this prospectus;

(j) service contracts and letters of appointment entered into between the Company and each of the Directors;

(k) the rules of the Post-IPO Share Option Scheme; and

(l) the CIC Report.

NEWLINK TECHNOLOGY INC.

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