

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM 20-F
(Amendment No. 1)**

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report June 10, 2022
Commission file number 001-38235

NaaS Technology Inc.

(Exact Name of Registrant as Specified in Its Charter)

N/A

(Translation of Registrant's Name into English)

Cayman Islands

(Jurisdiction of Incorporation or Organization)

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Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
American depositary shares, each representing 10 Class A ordinary shares, par value US\$0.01 per share Class A ordinary shares, par value US\$0.01 per share*	NAAS	Nasdaq Capital Market

* Not for trading, but only in connection with the listing of American depositary shares on the Nasdaq Capital market.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the Company's classes of capital or common stock as of the close of the period covered by the annual report: 494,048,037 Class A ordinary shares, par value US\$0.01 per share, 248,888,073 Class B ordinary shares, par value US\$0.01 per share, and 1,398,659,699 Class C ordinary shares, par value US\$0.01 per share, as of June 16, 2022.

Indicate by check mark if the registrant is a well-known seasoned Company, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO COMPANIES INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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EXPLANATORY NOTE

NaaS Technology Inc. (the “Company”) is filing this Amendment No. 1 to Shell Company Report on Form 20-F (this “Amendment No. 1”) to amend its Shell Company Report on Form 20-F as filed with the Securities and Exchange Commission (the “SEC”) on June 16, 2022 (the “Original Filing”). This Amendment No.1 is being filed to:

1. amend and restate (i) the combined financial statements of NaaS (as defined below under the section “Introduction”) as of and for the years ended December 31, 2020, and 2021, together with the notes thereto, included in the Original Filing and (ii) the pro forma condensed combined statement as of and for the year ended December 31, 2021, together with the notes thereto, included in the Original Filing (such financial statements as originally filed, the “Prior Financial Statements”); and
2. update certain disclosures in “Item 3. Key Information,” “Item 4.B. Business Overview,” “Item 5. Operating and Financial Review and Prospects,” “Item 7.B. Related Party Transactions,” “Item 8. Financial Information,” “Item 17. Financial Statements,” “Item 18. Financial Statements” and “Item 19. Exhibits” in connection with the amendment and restatement as described in paragraph 1 and/or to reflect certain developments that have occurred subsequent to June 16, 2022 and other revisions.

This Amendment No.1 restates the Prior Financial Statements to correct the presentation of revenues to be consistent with our recognition and measurement policy for each class of revenues and reflects other adjustments that the Company found necessary or appropriate, including mainly the following:

- revising the presentation of gross revenues, incentive to end-users and net revenues.
- revising the measurement policy for revenues from membership program and full station operation.
- revising to disclose all required information in accordance with IAS 1.79.
- revising to disclose all required contract balances information in accordance with paragraphs 116 through 118 of IFRS 15.
- reclassifying platform service fee, bandwidth expenses and server custody costs from research and development expenses to cost of revenues.
- reclassifying balance sheet line items, such as reclassifying balances related to sales of charging piles from prepayments, other receivables and other assets to trade receivables, and balances related to payables to charging station from other payables and accruals to trade and bills payables, etc.
- revising to recognize the share-based compensation related to the share awards granted by Newlink (as defined below) to certain of our employees, according to the evaluation of transfer pricing policies of our transfer pricing advisor, which was completed in January 2023. The Company also updated the disclosure of related party transaction accordingly.
- updating IFRIC 23 provisions on corporate income tax, according to the best estimation as of respective balance sheet dates.
- updating certain VAT-related balances and revising the method of estimating the recoverability of uncollected input VAT receipts (which is recorded in other receivables) and adjusting previously recognized provision accordingly.
- updating discount rate to calculate interest expense on lease liabilities, based on the actual finance cost as of respective balance sheet dates.

For more information on the restatement of the Prior Financial Statements, see the restated combined financial statements of NaaS as of and for the years ended December 31, 2020, and 2021, together with the notes thereto, as well as the restated pro forma condensed combined statement as of and for the year ended December 31, 2021, together with the notes thereto, included in this Amendment No. 1. In light of the restatement, readers should not rely on the Prior Financial Statements.

Other than as set forth herein, the Company has not modified or updated any other disclosures and has made no changes to the items or sections in the Original Filing. Other than as expressly stated in this Amendment No. 1, this Amendment No. 1 does not, and does not purport to, amend, update or restate the information in any part of the Original Filing or reflect any events that have occurred after the Original Filing was filed on June 16, 2022. The filing of this Amendment No. 1 should not be understood to mean that any other statements contained in the Original Filing are true and complete as of any date subsequent to June 16, 2022. Accordingly, this Amendment No. 1 should be read in conjunction with the Original Filing and the documents filed with or furnished to the SEC by the Company subsequent to June 16, 2022, including any amendments to such documents, as information in such documents may update or supersede certain information contained in this Amendment No. 1.

INTRODUCTION

In this Shell Company Report on Form 20-F, unless otherwise indicated or unless the context otherwise requires:

- “ADS” means American depositary share, each representing 10 ordinary shares, par value US\$0.01 per share, as listed on Nasdaq under the symbol “NAAS.”
- “CAC” means the Cyberspace Administration of China.
- “China” or “PRC” refers to the People’s Republic of China.
- “CIC” means China Insights Industry Consultancy Limited, an independent research firm who was commissioned to provide certain information regarding our industry and our market position in this Shell Company Report on Form 20-F.
- “Class A ordinary share” means each of our Class A ordinary share, par value \$0.01 per share.
- “Class B ordinary share” means each of our Class B ordinary share, par value \$0.01 per share.
- “Class C ordinary share” means each of our Class C ordinary share, par value \$0.01 per share.
- “Code” means the U.S. Internal Revenue Code of 1986, as amended.
- “CSRC” means the Chinese Securities Regulatory Commission.
- “COVID-19” means SARS-CoV-2 or COVID-19, and any evolutions thereof.
- “Dada Auto” means Dada Auto, an exempted company incorporated with limited liability under the laws of the Cayman Islands.
- “DCFC” means direct current fast charger with 30kW power output or more.
- “dedicated charger” or “dedicated DCFC” means non-DCFC EV charger or DCFC, as applicable, that is dedicated to public utility vehicles or used exclusively by government agencies, corporations, or other specific groups of users.
- “Effective Time” means the effective time of the Merger, which was on June 10, 2022.
- “end-users” means EV drivers, being the end-users of our EV charging services.
- “EV” means electric vehicle.
- “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.
- “IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board. “IRS” means the U.S. Internal Revenue Service.
- “JOBS Act” means the United States Jumpstart Our Business Startups Act of 2012.
- “*Kuaidian*” means the Kuaidian mobile application, and Kuaidian Weixin mini-program, each of which connects EV drivers with charging stations and charging piles.
- “Merger” or “Mergers” has the meaning ascribed to it in “Part I – Brief Introduction.”
- “Merger Agreement” has the meaning ascribed to it in “Part I – Brief Introduction.”
- “NaaS” means (i) prior to the completion of the Restructuring, subsidiaries and VIEs of Newlink that provided EV charging services in China, and (ii) upon and after the completion of the Restructuring, Dada Auto, its subsidiaries, and for the period during which Dada Auto maintained VIE arrangements with Kuaidian Power (Beijing) New Energy Technology Co., Ltd., the VIE Kuaidian Power (Beijing) New Energy Technology Co., Ltd.;
- “Nasdaq” means The Nasdaq Stock Market LLC.
- “Newlink” means Newlinks Technology Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands.
- “non-private charger” means either public charger or dedicated charger.
- “ordinary share” means (i) each of our ordinary share, par value \$0.01 per share, outstanding immediately prior to the Effective Time, and (ii) each of our Class A ordinary share, Class B ordinary share, and Class C ordinary share, par value \$0.01 per share, outstanding upon and after the Effective Time.
- “PCAOB” means the Public Company Accounting Oversight Board.

- “PRC subsidiaries” means our subsidiaries in mainland China and “PRC laws,” “PRC rules,” and “PRC regulations” mean the laws, rules and regulations in mainland China.
- “private charger” means privately owned EV charger that is dedicated to private cars and for personal or family use.
- “public charger” or “public DCFC” means non-DCFC EV charger or DCFC, as applicable, that is installed in public area and accessible to the general public, and excludes, for the avoidance of doubt, dedicated charger.
- “Renminbi” or “RMB” refers to the legal currency of China, and “US\$” or “U.S. dollars” refers to the legal currency of the United States.
- “Restructuring” means the series of transactions that NaaS completed to restructure its organization and its EV charging service business, as described in greater detail in “Item 4. Information on the Company—A. History and Development of the Company.”
- “RISE” refers to RISE Education Cayman Ltd, an exempted company incorporated with limited liability under the laws of the Cayman Islands, and, if applicable, its consolidated subsidiaries.
- “SEC” means the United States Securities and Exchange Commission.
- “Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.
- “Transactions” has the meaning ascribed to it in “Part I – Brief Introduction.”
- “VIE” means variable interest entity.
- “we,” “us,” “our,” “our company,” or the “Company” means, upon and after consummation of the Mergers, NaaS Technology Inc. and its subsidiaries and, prior to the consummation of the Mergers, RISE Education Cayman Ltd and its consolidated subsidiaries.

FORWARD-LOOKING INFORMATION

This Shell Company Report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. Known and unknown risks, uncertainties and other factors, including those included in “Item 3. Key Information—D. Risk Factors,” may cause our actual results, performance, or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify these forward-looking statements by terminology such as “may,” “might,” “will,” “would,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue,” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements may include statements relating to, among other things:

- our goals and strategies;
- our future business development, financial conditions and results of operations;
- our ability to continuously develop new technology, services and products and keep up with changes in the industries in which we operate;
- the expected growth of China’s EV charging industry and EV charging service industry and our future business development;
- our expectations regarding demand for and market acceptance of our products and services;
- our ability to protect and enforce our intellectual property rights;
- our ability to attract and retain qualified executives and personnel;
- the ongoing COVID-19 pandemic and the effects of government and other measures seeking to contain its spread;
- U.S.-China trade war and its effect on our operation, fluctuations of the RMB exchange rate, and our ability to obtain adequate financing for our planned capital expenditure requirements;
- our expectations regarding our relationships with end-users, customers, suppliers and other business partners;
- our ability to achieve anticipated benefits of the Mergers;
- competition in our industry;
- relevant government policies and regulations related to our industry; and
- fluctuations in general economic and business conditions in China and globally.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in “Item 3. Key Information—D. Risk Factors,” “Item 4. Information on the Company—B. Business Overview,” “Item 5. Operating and Financial Review and Prospects,” and other sections in this Shell Company Report on Form 20-F. You should read thoroughly this Shell Company Report on Form 20-F and the documents that we refer to in this Shell Company Report on Form 20-F with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

We operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely on forward-looking statements as predictions of future events. The forward-looking statements made in this Shell Company Report on Form 20-F relate only to events or information as of the date on which the statements are made in this Shell Company Report on Form 20-F. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Brief Introduction

On February 8, 2022, RISE entered into an Agreement and Plan of Merger (the “Merger Agreement”) with NaaS, one of the largest and fastest growing electric vehicle charging service providers in China, Dada Merger Sub Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands and wholly-owned subsidiary of RISE (“Merger Sub”), and Dada Merger Sub II Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands and wholly owned subsidiary of RISE (“Merger Sub II”), pursuant to which Merger Sub was to merge (the “Merger”) with and into NaaS, with NaaS surviving as the surviving entity (the “Surviving Entity”), followed by the merger (the “Second Merger,” collectively with the Merger, the “Mergers”) of the Surviving Entity with and into Merger Sub II, with Merger Sub II surviving as a wholly-owned subsidiary of RISE. Shareholders of NaaS were to exchange all of the issued and outstanding shares of NaaS immediately prior to the Merger for newly issued shares of RISE in a transaction exempt from the registration requirements under the Securities Act of 1933. A copy of the Merger Agreement was attached as Annex A to the proxy statement furnished as Exhibit 99.2 to our Current Report on Form 6-K filed with the SEC on April 4, 2022 and incorporated herein by reference.

The Mergers and all transactions contemplated by the Merger Agreement and plans of merger (the “Transactions”) were consummated on June 10, 2022. Upon consummation of the Transactions, NaaS became our wholly-owned subsidiary. We changed our name from “RISE Education Cayman Ltd” to “NaaS Technology Inc.” and our ticker from “REDU” to “NAAS” and assumed and began conducting the principal business of NaaS.

Immediately prior to the Transactions, we were a shell company as defined in Rule 12b-2 under the Exchange Act. Prior to becoming a shell company, we were a junior English Language Training provider in China. As a result of the Transactions, we ceased to be a shell company. Pursuant to relevant rules under the Exchange Act, we are required to disclose the information in this Shell Company Report on Form 20-F that would be required to be disclosed if we were registering securities under the Exchange Act.

Item 3. Key Information

Our Holding Company Structure

NaaS Technology Inc. is not an operating company but a Cayman Islands holding company. Our operations are primarily conducted through our PRC subsidiaries. Investors in our ADSs thus are purchasing equity interest in a Cayman Islands holding company and not in an operating entity. As a holding company, NaaS Technology Inc. may rely on dividends from its subsidiaries for cash requirements, including any payment of dividends to our shareholders. The ability of our subsidiaries to pay dividends to NaaS Technology Inc. may be restricted by laws and regulations applicable to them or the debt they incur on their own behalf or the instruments governing their debt. In addition, PRC regulatory authorities could disallow this holding company structure, which would likely result in a material change in our operations and could cause the value of our securities to significantly decline or become worthless. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our holding company structure involves unique risks to investors. If in the future we were to amend our operating structure to use any VIE again for our operations in China or if PRC regulatory authorities were to disallow our holding company structure, additional risks and uncertainties will be involved.”

Historically, NaaS’ EV charging service business in China was a part of Newlink’s businesses and was primarily conducted through Newlink’s consolidated entities including Kuaidian Power (Beijing) New Energy Technology Co., Ltd. (“Kuaidian Power Beijing”) and its subsidiaries. In early 2022, NaaS entered into a series of transactions to restructure its organization and its EV charging service business (the “Restructuring”). As part of the Restructuring, Dada Auto, through a subsidiary, Zhejiang Anji Intelligent Electronics Holding Co., Ltd. (“Anji Zhidian”), entered into contractual arrangements with Kuaidian Power Beijing (the “VIE Agreements”) and its shareholders, as a result of which (i) Kuaidian Power Beijing initially became a VIE of Dada Auto, and (ii) Dada Auto became entitled to receive substantially all of the economic benefits generated by Kuaidian Power Beijing as primary beneficiary and responsible for any and all economic losses Kuaidian Power Beijing incurred. A summary of certain material terms of the VIE Agreements is as follows:

- *Exclusive Business Cooperation and Service Agreement.* Under the Exclusive Business Cooperation and Service Agreement between Anji Zhidian and Kuaidian Power Beijing, Anji Zhidian had the exclusive right to provide, among other things, technical support and consulting services to Kuaidian Power Beijing. In addition, Kuaidian Power Beijing irrevocably granted Anji Zhidian an exclusive and irrevocable option to purchase any or all of the assets and business of Kuaidian Power Beijing at the lowest price permitted under PRC law.
- *Proxy Agreement and Power of Attorney.* Under the proxy agreement and power of attorney among Anji Zhidian, Kuaidian Power Beijing, and each shareholder of Kuaidian Power Beijing, such shareholder irrevocably nominated, appointed and constituted Anji Zhidian and its successors as his or her attorney-in-fact to exercise any and all of his or her rights as a shareholder of Kuaidian Power Beijing.

- *Exclusive Option Agreement.* Under the exclusive option agreement among Anji Zhidian, Kuaidian Power Beijing and each shareholder of Kuaidian Power Beijing, such shareholder irrevocably granted Anji Zhidian or its designated person(s) an exclusive option to purchase, at any time and to the extent permitted under PRC law, all or part of his or her equity interests in Kuaidian Power Beijing at a price of RMB1 or at the lowest price permitted under the PRC law.
- *Equity Interest Pledge Agreements.* Under the equity interest pledge agreement among Anji Zhidian, Kuaidian Power Beijing and each shareholder of Kuaidian Power Beijing, such shareholder pledged all of his or her equity interests in Kuaidian Power Beijing to Anji Zhidian to secure the performance by Kuaidian Power Beijing and its shareholders of their respective obligations under the applicable VIE Agreements. If the pledger or Kuaidian Power Beijing breached his or her obligations under these contractual arrangements, Anji Zhidian, as the pledgee, would be entitled to certain rights and remedies including priority in receiving the proceeds from the auction or disposal of the pledged equity interests in Kuaidian Power Beijing. Anji Zhidian also had the right to receive dividends distributed on the pledged equity interests during the term of the pledge.

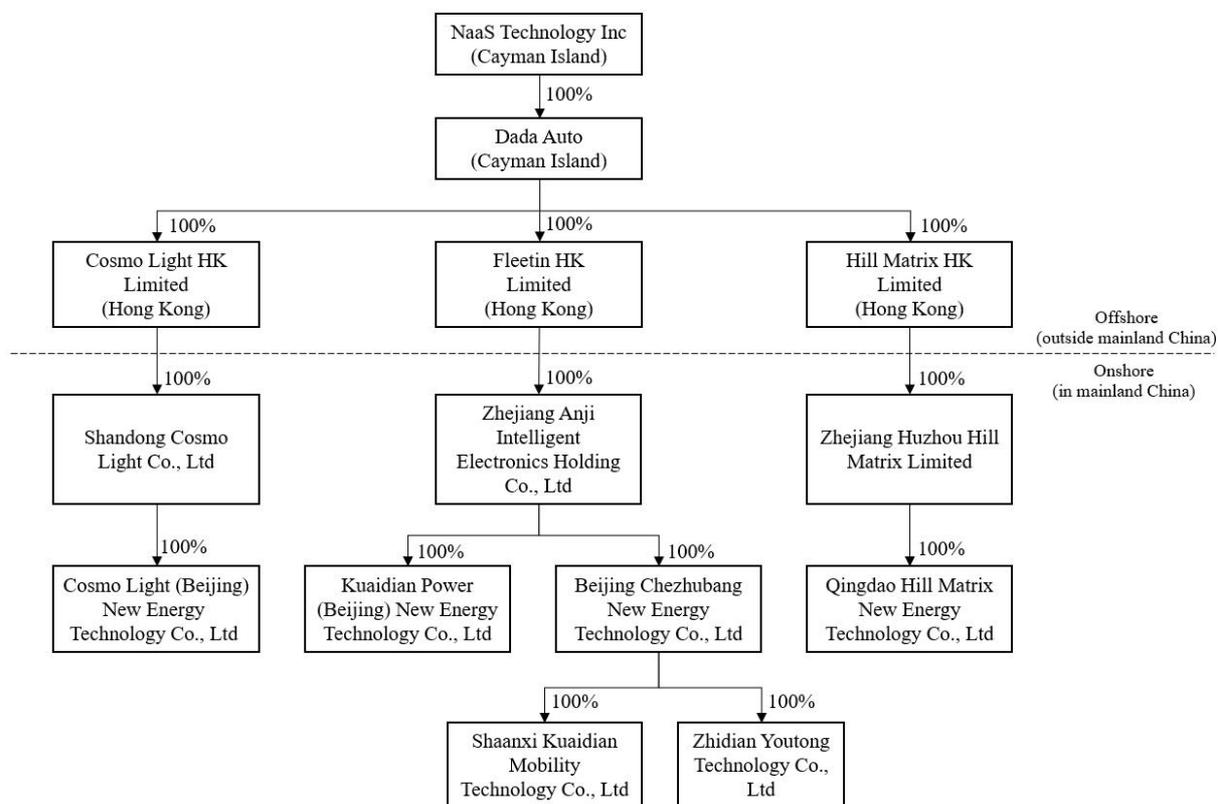
During the process of the Restructuring, the VIE Agreements were terminated in April 2022 and Kuaidian Power Beijing ceased being a VIE of Dada Auto. Following the completion of the Restructuring, we do not have any VIE and we conduct our operations in China through our subsidiaries. For more information on our corporate history and the Restructuring, see “Item 4. Information on the Company—A. History and Development of the Company.”

If in the future we were to amend our operating structure to use any VIE again for our operations in China, we will have to rely on contractual arrangements with the VIE and its shareholders for the conduct of such operations. These contractual arrangements, however, may not be as effective as direct ownership in the VIE. For instance, if we were to have direct ownership of the VIE, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the VIE, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. On the other hand, under contractual arrangements, we will have to rely on the performance by the VIE and its shareholders of their contractual obligations in order to exercise control over the VIE. To the extent there will be any dispute relating to these contracts, we may have to incur substantial costs and expend additional resources to enforce such arrangements through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. Furthermore, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules relating to a VIE structure and it is uncertain whether any new PRC laws or regulations in this respect will be adopted or if adopted, what they would provide. Therefore, if we were to adopt a VIE again in the future, PRC regulatory authorities could disallow such structure, which, in turn, would likely result in a material change in our operations and in the value of our securities and could cause the value of our securities to significantly decline or become worthless.

For a detailed discussion of the unique risks to investors that may be involved if we were to adopt a VIE structure in the future, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our holding company structure involves unique risks to investors. If in the future we were to amend our operating structure to use any VIE again for our operations in China or if PRC regulatory authorities were to disallow our holding company structure, additional risks and uncertainties will be involved.”

As used in this Shell Company Report on Form 20-F, “we,” “us,” “our,” or “our company” means, upon and after consummation of the Mergers, NaaS Technology Inc., a Cayman Islands exempted company with limited liability, and its subsidiaries, and, prior to the consummation of the Mergers, RISE Education Cayman Ltd, a Cayman Islands exempted company with limited liability, and its consolidated subsidiaries.

The following diagram illustrates our corporate structure, including our principal subsidiaries as of the date of this Shell Company Report on Form 20-F.



Risks Related to Doing Business in China

We face various risks and uncertainties relating to doing business in China. Our business operations are primarily conducted in China, and we are subject to complex and evolving PRC laws and regulations. For example, we face risks associated with regulatory approvals on overseas offerings, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy, which may impact our ability to conduct certain businesses, accept foreign investments, or list and conduct offerings on a stock exchange in the United States or other foreign country. These risks could result in a material adverse change in our operations and the value of our ADSs, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline or become worthless. For a detailed description of risks relating to doing business in China, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China.”

The PRC government’s significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations in this nature, such as data security or anti-monopoly related regulations, may cause the value of such securities to significantly decline or become worthless. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government has significant oversight over our business operation which, if exercised, could result in a material adverse change in our operations.”

Risks and uncertainties arising from the legal system in China, including risks and uncertainties regarding the enforcement of laws and quickly evolving rules and regulations in China, could result in a material adverse change in our operations and the value of our ADSs. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.”

The Holding Foreign Companies Accountable Act

Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including the auditors that issued the audit reports included elsewhere in this Shell Company Report on Form 20-F and our current auditor. In June 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file our annual report on Form 20-F for the fiscal year ended December 31, 2022. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PCAOB had historically been unable to inspect the auditors that issued the audit reports included elsewhere in this Shell Company Report on Form 20-F in relation to their audit work performed for such reports and the inability of the PCAOB to conduct inspections of these auditors in the past has deprived our investors with the benefits of such inspections.” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.”

Permissions Required from the PRC Government Authorities

We conduct our business primarily through our PRC subsidiaries. Our operations in China are governed by PRC laws and regulations. As of the date of this Shell Company Report on Form 20-F, our PRC subsidiaries and we have obtained the business licenses issued by the Market Supervision Administration department of Qingdao Laoshan district, Beijing Tongzhou district, Beijing Chaoyang district, Zhuzhou Anji county, Xi’an high-tech zone, Zibo high-tech zone, and Qingdao Huangdao district, being all licenses, permits, and registrations from the PRC government authorities that are required for our business operations under current PRC laws, regulations and rules, and such licenses, permits, and registrations have not been denied by any PRC government authorities.

Furthermore, in connection with the Mergers and the Transactions and as of the date of this Shell Company Report on Form 20-F, we and our PRC subsidiaries (i) are not required to obtain permissions from the CSRC, as advised by Jingtian & Gongcheng, our PRC legal counsel, (ii) are not required to file an application for cybersecurity review by the CAC, as advised by King & Wood Mallesons, our PRC legal counsel, and (iii) have not been asked to obtain or denied such and other permissions by any PRC government authority, under current PRC laws, regulations and rules.

On December 28, 2021, the CAC, together with other relevant administrative departments, jointly promulgated the Cybersecurity Review Measures which became effective on February 15, 2022 (the “2022 Cybersecurity Review Measures”). According to the 2022 Cybersecurity Review Measures, an internet platform operator who possesses personal information of more than one million users shall apply for a cybersecurity review before listing in a foreign country, and the relevant governmental authorities may initiate a cybersecurity review if they consider that the relevant network products or services or data processing activities affect or may affect national security. The China Cybersecurity Review Technology and Certification Center (the “CCRC”), the institution designated by the CAC to receive application materials for cybersecurity review and conduct examinations of such applications, confirmed with NaaS that if NaaS did not possess more than one million individuals’ personal information, it would not be required to apply for a cybersecurity review in connection with the Mergers or the Transactions. Because NaaS had transferred the ownership of *Kuaidian* as well as the rights to access and use certain data generated by or in the possession of *Kuaidian* to a third party service provider prior to the Mergers, it did not possess more than one million individuals’ personal information. Based on the foregoing, King & Wood Mallesons, our PRC counsel is of the view that a cybersecurity review is not required in connection with the Mergers or the Transactions under current PRC laws, regulations and rules.

On February 17, 2023, the CSRC published the Interim Administrative Measures on Overseas Securities Offering and Listing by Domestic Enterprises (CSRC Announcement [2022] No. 43) (the “Overseas Listing Measures”), which will take effect on March 31, 2023. Under the Overseas Listing Measures, a filing-based regulatory system will be applied to “indirect overseas offerings and listings” of companies in mainland China, which refers to securities offerings and listings in an overseas market made under the name of an offshore entity but based on the underlying equity, assets, earnings or other similar rights of a company in mainland China that operates its main business in mainland China. The Overseas Listing Measures states that, any post-listing follow-on offering by an issuer in an overseas market, including issuance of shares, convertible notes and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering. Therefore, any of our future offering and listing of our securities in an overseas market may be subject to the filing requirements under the Overseas Listing Measures. In connection with the Overseas Listing Measures, on February 17, 2023 the CSRC also published the Notice on the Administrative Arrangements for the Filing of Overseas Securities Offering and Listing by Domestic Enterprises (the “Notice on Overseas Listing Measures”). According to the Notice on Overseas Listing Measures, issuers that have already been listed in an overseas market by March 31, 2023, the date the Overseas Listing Measures will become effective, are not required to make any immediate filing and are only required to comply with the filing requirements under the Overseas Listing Measures when it subsequently seeks to conduct a follow-on offering.

Given (i) the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practice by relevant government authorities, (ii) the PRC government’s ability to intervene or influence our operations at any time, and (iii) the rapid evolvement of PRC laws, regulations, and rules which may be preceded with short advance notice, we may be required to obtain additional licenses, permits, registrations, filings or approvals for our business operations, the Mergers, the Transactions, or for our prior offerings overseas in the future and our conclusion on the status of our licensing compliance may prove to be mistaken. If (i) we do not receive or maintain any permission or approval required of us, (ii) we inadvertently concluded that certain permissions or approvals have been acquired or are not required, or (iii) applicable laws, regulations, or interpretations thereof change and we become subject to the requirement of additional permissions or approvals in the future, we may have to expend significant time and costs to procure them. If we are unable to do so, on commercially reasonable terms, in a timely manner or otherwise, we may become subject to sanctions imposed by the PRC regulatory authorities, which could include fines, penalties, and proceedings against us, and other forms of sanctions, and our ability to conduct our business, invest into mainland China as foreign investments or accept foreign investments, or list on a U.S. or other overseas exchange may be restricted, and our business, reputation, financial condition, and results of operations may be materially and adversely affected. Specifically, if it is determined in the future that approval and filing from the CSRC, the CAC or other regulatory authorities or other procedures, including the cybersecurity review under the 2022 Cybersecurity Review Measures, are required for the Mergers or the Transactions, or for our overseas offerings in the past, on a retrospective basis, it is uncertain whether such approval can be obtained or filing procedures completed, or how long it will take to obtain such approval or complete such filing procedures. Any failure to obtain or delay in obtaining such approval or complete such filing procedures, or a rescission of any such approval if obtained, would subject us to sanctions by the CSRC, the CAC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in China, limit our abilities to carry out business operations in China or pay dividends outside China, delay or restrict the repatriation of our offshore funds into China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of the ADSs. The CSRC, the CAC, and other PRC regulatory authorities may also order us, or make it advisable for us, to unwind or reverse the Mergers and the Transactions. In addition, if the CSRC, the CAC or other regulatory authorities in China subsequently promulgate new rules or issue directives requiring that we obtain additional approvals or complete additional filing or other regulatory procedures for the Mergers, the Transactions or our prior offerings overseas, there is no assurance that we will be able to comply with these requirements and may not be able to obtain any waiver of such requirements, if and when procedures are established to obtain such a waiver. Any of the foregoing could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of our listed securities.

For more detailed information, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may be required to obtain additional licenses in relation our ongoing business operations and subject to penalties for failing to obtain certain licenses with respect to our past operations,” “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government has significant oversight over business operations conducted in China and may intervene or influence our operations at any time, which could result in a material adverse change in our operations and the value of our ADSs,” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The approval of and filing with the CSRC or other PRC government authorities may be required retrospectively in connection with the Mergers and the Transactions under PRC law, and, if required, it is uncertain whether such approval can be obtained or filing completed or how long it will take to obtain such approval or complete such filing.”

Cash and Asset Flows through Our Organization

NaaS

NaaS Technology Inc. is a holding company with no operations of its own. We conduct our operations in China primarily through our PRC subsidiaries. As a result, although other means are available for us to obtain financing at the holding company level, NaaS Technology Inc.'s ability to pay dividends to the shareholders and to service any debt it may incur may depend upon dividends paid by our PRC subsidiaries. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to NaaS Technology Inc. Under PRC laws and regulations, our PRC subsidiaries are subject to certain restrictions with respect to payment of dividends or otherwise transfers of any of their net assets to us. Our PRC subsidiaries are permitted to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits as the statutory common reserve fund until the cumulative amount of the statutory common reserve fund reaches 50% or more of such enterprises' registered capital, if any, to fund its statutory common reserves, which are not available for distribution as cash dividends. Remittance of dividends by a wholly foreign-owned enterprise out of mainland China is also subject to examination by the banks designated by the PRC State Administration of Foreign Exchange, or SAFE. These restrictions are benchmarked against the paid-up capital and the statutory reserve funds of our PRC subsidiaries. To the extent cash in our business is in China or in an entity in mainland China, the funds may not be available to fund operations or for other use outside of mainland China due to interventions in or the imposition of restrictions and limitations by the PRC government on our ability to transfer cash. As a result, our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business may be materially and adversely affected.

For risks relating to the fund flows of our operations in China, see "Item 3. Key Information—Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business."

Prior to the Restructuring completed in early 2022, NaaS' EV charging service business in China was a part of Newlink's businesses and was primarily conducted through Newlink and its consolidated entities. See "Item 4. Information on the Company—A. History and Development of the Company."

In 2020 and 2021, (i) payments totaling RMB86.3 million and RMB279.8 million (US\$43.9 million) were made among Newlink's consolidated entities that conducted NaaS' business arising from transactions conducted in connection with their respective operations; (ii) advances totaling RMB312.0 million and RMB497.9 million (US\$78.1 million) were made among Newlink's consolidated entities that conducted NaaS' business; and (iii) no dividend or other distribution were made by any of the Newlink's consolidated entities that conducted NaaS' business. Since the Closing and as of the date of this Shell Company Report on 20-F, no transfers, dividends, or distributions were made between NaaS Technology Inc. and our subsidiaries or to any investors. See the restated combined financial statements of NaaS as of and for the years ended December 31, 2020, and 2021 starting on page F-46.

NaaS Technology Inc. has established stringent controls and procedures for cash flows within its organization. Each transfer of cash between its Cayman Islands holding company and a subsidiary is subject to internal approval. The cash of the group is under the unified management of NaaS Technology Inc.'s finance department and is disbursed and applied to each operating entity based on the budget and operating conditions of the specific operating entity. Each cash requirement, after being raised by the relevant operating entity, is subject to three levels of review process by the finance department.

Under PRC law, NaaS Technology Inc. and our offshore subsidiaries may provide funding to our PRC subsidiaries only through capital contributions or loans, subject to satisfaction of applicable government registration and approval requirements, and our PRC subsidiaries are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets to NaaS Technology Inc. or our offshore subsidiaries. Although currently there are no equivalent or similar restrictions or limitations in Hong Kong on cash transfers in, or out of, Hong Kong or our Hong Kong subsidiaries, if certain restrictions or limitations in mainland China were to become applicable to cash transfers in and out of Hong Kong or our Hong Kong subsidiaries in the future, the funds in Hong Kong or our Hong Kong subsidiaries, likewise, may not be available to fund operations or for other use outside of Hong Kong.

Therefore, to the extent cash in our business is in mainland China or Hong Kong or our mainland China subsidiaries or Hong Kong subsidiaries, the funds may not be available to fund operations or for other use outside of mainland China or Hong Kong due to interventions in or the imposition of restrictions and limitations by the PRC government on our ability to transfer cash.

Cash transfers from our Hong Kong subsidiaries to NaaS Technology Inc. or our offshore subsidiaries are subject to tax obligations imposed by Hong Kong laws to the extent applicable. Going forward, our subsidiaries intend to retain most, if not all, of their available funds and any future earnings. For PRC and United States federal income tax considerations of an investment in our ADSs and/or ordinary shares, see "Item 10. Additional Information—E. Taxation."

RISE

RISE was previously a provider of junior English language training in China. On December 28, 2021, RISE completed the sale of all of the equity interests in Rise (Tianjin) Education Information Consulting Co., Ltd. to Wuhan Xinsili Culture Development Co., Ltd. On December 30, 2021, RISE completed the sale of all of the equity interests in RISE Education International Limited and Rise IP (Cayman) Limited to Bain Capital Rise Education Cayman IV Limited, RISE's major shareholder. The foregoing sales represented the sale of substantially all of the assets of RISE and its subsidiaries. Immediately prior to the commencement of the Merger, RISE did not have any business operations.

No transfers, dividends, or distributions were made between RISE and its subsidiaries or to any investors prior to the Closing. See the audited consolidated financial statements of RISE Education Cayman Ltd, as of and for the years ended December 31, 2019, 2020, and 2021, starting on page F-1.

A. Selected Financial Data

Financial Data of RISE

RISE did not generate revenues from continuing operations prior to the consummation of the Mergers and since it became a shell company. Overall, RISE incurred a net loss from continuing operations of RMB15.2 million, RMB17.6 million and a net income of RMB249.1 million (US\$39.1 million) for the year ended December 31, 2019, December 31, 2020 and December 31, 2021, respectively. Since RISE's operations were primarily administrative, the net income from continuing operations relates entirely to the gain on troubled debt restructuring. RISE's audited consolidated financial statements for the years ended and as of December 31, 2019, 2020 and 2021 are included in this Shell Company Report on Form 20-F beginning on page F-1.

Financial Data of NaaS

The following selected combined statements of loss and other comprehensive loss for NaaS for the years ended December 31, 2020, and 2021 and the selected combined statements of financial position as of December 31, 2020 and 2021 have been derived from NaaS' restated audited combined financial statements, which are included in this Shell Company Report on Form 20-F beginning on page F-46.

NaaS' historical results are not necessarily indicative of results expected for any future periods. The selected combined financial data should be read in conjunction with NaaS' restated audited combined financial statements and related notes and "Item 5. Operating and Financial Review and Prospects" in this Shell Company Report on Form 20-F. NaaS' restated combined financial statements are prepared and presented in accordance with IFRS.

	For the year ended December 31,		
	2020	2021	
	(as restated) RMB'000	(as restated) RMB'000	(as restated) US\$'000
Selected combined statements of loss and other comprehensive loss			
Net Revenues from Online EV Charging Solutions	5,455	17,985	2,822
Net Revenues from Offline EV Charging Solutions	565	15,102	2,371
Net Revenues from Non-Charging Solutions and Other Services	143	366	57
Net Revenues	6,163	33,453	5,250
Other gains, net	319	138	22
Operating costs			
Cost of revenues	(6,547)	(29,587)	(4,643)
Selling and marketing expenses	(46,458)	(193,340)	(30,339)
Administrative expenses	(11,956)	(34,458)	(5,407)
Research and development expenses	(17,644)	(30,253)	(4,747)
Total operating costs	(82,605)	(287,638)	(45,136)
Operating loss	(76,123)	(254,047)	(39,866)
Finance costs	(300)	(1,097)	(172)
Net loss before income tax	(76,423)	(255,144)	(40,038)
Income tax expenses	(1,474)	(5,318)	(835)
Net loss for the year	(77,897)	(260,462)	(40,873)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (Expressed in RMB per share)			
Basic loss per share	(52,991)	(1,835)	(288)
Diluted loss per share	(52,991)	(1,835)	(288)

	As of December 31,		
	2020	2021	
	(as restated) RMB'000	(as restated) RMB'000	(as restated) US\$'000
Selected combined statements of financial position			
Cash and cash equivalents	3,665	8,489	1,332
Total current assets	58,348	152,778	23,974
Total assets	76,661	178,092	27,946
Total liabilities	62,103	148,653	23,327
Total equity	14,558	29,439	4,620

Currencies, Exchange Rates and Rounding

Our reporting currency is Renminbi. This Shell Company Report on Form 20-F contains translations from Renminbi to U.S. dollars solely for the convenience of the reader. Unless otherwise stated, all translations from Renminbi to U.S. dollars were made at a rate of RMB6.3726 to US\$1.00, which was the certified noon buying rate in effect as of December 30, 2021, as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. We make no representation that any Renminbi or U.S. dollar amounts referred to in this Shell Company Report on Form 20-F could have been, or could be, converted to U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange.

Any discrepancies in any table in this Shell Company Report on Form 20-F between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

B. Capitalization and Indebtedness

Below is a statement of our capitalization and indebtedness (including indirect and contingent indebtedness) as at December 31, 2021, showing our capitalization on a pro forma basis as if the Mergers had been completed as of that date. It is important that you read this table together with, and it is qualified by reference to, the audited consolidated financial statements of RISE and the restated audited combined financial statements of NaaS attached hereto starting on page F-1 and page F-46, respectively, of this Shell Company Report on Form 20-F.

	As of December 31, 2021							
	RISE		NaaS		Pro Forma Adjustments		Pro Forma Combined	
	RMB'000	US\$'000	(as restated) RMB'000	(as restated) US\$'000	(as restated) RMB'000	(as restated) US\$'000	(as restated) RMB'000	(as restated) US\$'000
Current liabilities								
Current lease liabilities	—	—	7,067	1,109	—	—	7,067	1,109
Trade payables	—	—	16,872	2,648	—	—	16,872	2,648
Other payables and accruals	8,625	1,353	112,148	17,598	8,624	1,353	129,397	20,305
Total current liabilities	8,625	1,353	136,087	21,355	8,624	1,353	153,336	24,062
Non-current liabilities								
Non-current lease liabilities	—	—	12,566	1,972	—	—	12,566	1,972
Other non-current liabilities	2,838	445	—	—	—	—	2,838	445
Convertible loan from related parties	108,334	17,000	—	—	(108,334)	(17,000)	—	—
Total non-current liabilities	111,172	17,445	12,566	1,972	(108,334)	(17,000)	15,404	2,417
Total liabilities	119,797	18,798	148,653	23,327	(99,710)	(15,647)	168,740	26,479
Equity								
Ordinary shares	6,964	1,093	— *	— **	129,511	20,323	136,475	21,416
Additional paid in capital	274,036	43,002	423,329	66,430	419,112	65,768	1,116,477	175,200
Accumulated losses	(403,149)	(63,263)	(393,890)	(61,810)	140,450	22,040	(656,589)	(103,033)
Accumulated other comprehensive income	33,007	5,180	—	—	(33,007)	(5,180)	—	—
Total equity	(89,142)	(13,988)	29,439	4,620	656,066	102,951	596,363	93,583
Total equity and liabilities	30,655	4,810	178,092	27,947	556,356	87,304	765,103	120,062

* Representing amount less than RMB1,000.

** Representing amount less than US\$1,000.

C. Reasons For the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

Summary of Risk Factors

An investment in our ADSs involves significant risks. Below is a summary of material risks that we face, organized under relevant headings. These risks are discussed more fully in “Item 3. Key Information—D. Risk Factors.”

Risks Related to Our Business and Industry

- NaaS is an early-stage company with a history of losses, and we expect to incur significant expenses and continuing losses for the near term.
- NaaS experienced rapid growth and we expect to invest in growth for the foreseeable future. If we fail to manage growth effectively, our business, operating results and financial condition could be adversely affected.
- NaaS has a limited operating history. NaaS recently restructured certain aspects of its corporate organization and business operations, adopted a new and unproven business model and expanded into new business segments, and we are subject to significant risks in relation to such transition.
- The EV charging industry and its technology are rapidly evolving and may be subject to unforeseen changes.
- We face intense competition, including from a number of companies in China, and expect to face significant competition in the future as the public EV charging service industry develops.
- Newlink exercises substantial influence over us. Our operation is dependent on our collaboration with Newlink.
- We rely on our collaborative arrangements with the operator of Kuaidian in delivering our EV charging solutions.
- Failure to effectively expand our sales and marketing capabilities could harm our ability to efficiently deliver our solutions, retain existing customers, increase our customer base, or achieve broader market acceptance of our solutions.
- Our operations have been and may continue to be negatively affected by COVID-19 pandemic.
- We currently have a concentrated customer base with a limited number of key customers. The loss of one or more of our key customers, or a failure to renew our agreements with one or more of our key customers, could adversely affect our results of operations and ability to market our products and services.
- Our future growth and success is highly correlated with and thus dependent upon the continuing rapid adoption of EVs for passenger and fleet applications.
- Demand for EVs may also be affected by factors directly impacting automobile prices or the cost of purchasing and operating automobiles, such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations, including tariffs, import regulation and other taxes. Volatility in demand may lead to lower vehicle unit sales, which may result in reduced demand for EV charging services and related solutions and therefore adversely affect our business, financial condition and operating results.
- Our business is subject to complex and evolving PRC laws and regulations regarding cybersecurity and data privacy.

Risks Related to Doing Business in China

- The PRC government has significant oversight over business operations conducted in China and may intervene or influence our operations at any time, which could result in a material adverse change in our operations and the value of our ADSs. Also, the PRC government has recently indicated that it may exert more oversight and control over offerings that are conducted overseas by or foreign investment in China-based issuers. Therefore, investors of our ADSs face potential uncertainty from actions taken by the PRC government affecting our business and operations which could significantly limit or completely hinder our ability to offer or continue to offer securities and cause the value of such securities to significantly decline or be worthless. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government has significant oversight over business operations conducted in China and may intervene or influence our operations at any time, which could result in a material adverse change in our operations and the value of our ADSs.”
- PRC laws, regulations, and rules are rapidly evolving which may be preceded with short advance notice and could result in a material adverse change in our operations and the value of our ADSs. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may be required to obtain additional licenses in relation to our ongoing business operations and may be subject to penalties for failing to obtain certain licenses with respect to our past operations.”
- Changes in China’s economic, political or social conditions, or government policies could materially and adversely affect our business and operations. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China— Changes in China’s economic, political or social conditions, or government policies could materially and adversely affect our business and operations.”
- Risks and uncertainties arising from the legal system in China, including risks and uncertainties regarding the enforcement of laws, could result in a material adverse change in our operations and the value of our ADSs. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.”
- We are a holding company and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements. The funds in mainland China or in our PRC subsidiaries may not be available to fund operations or for other use outside of mainland China due to interventions in or the imposition of restrictions and limitations on our and our subsidiaries’ ability by the PRC government to transfer cash. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. Although currently there are no equivalent or similar restrictions or limitations in Hong Kong on cash transfers in, or out of, Hong Kong or our Hong Kong subsidiaries, if certain restrictions or limitations in mainland China were to become applicable to cash transfers in and out of Hong Kong or our Hong Kong subsidiaries in the future, the funds in Hong Kong or in our Hong Kong subsidiaries, likewise, may not be available to fund operations or for other use outside of Hong Kong. Therefore, to the extent cash in our business is in mainland China or Hong Kong or our mainland China subsidiaries or Hong Kong subsidiaries, the funds may not be available to fund operations or for other use outside of mainland China or Hong Kong due to interventions in or the imposition of restrictions and limitations by the PRC government on our ability to transfer cash. Cash transfers from our Hong Kong subsidiaries to NaaS Technology Inc. or our offshore subsidiaries are subject to tax obligations imposed by Hong Kong laws to the extent applicable. Uncertainties also exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed and if we fail to complete such registrations or record-filings, our ability to use foreign currency, and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to our PRC subsidiaries or making additional capital contributions to our wholly foreign-owned subsidiaries in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”
- The PCAOB had historically been unable to inspect the auditors that issued the audit reports included elsewhere in this Shell Company Report on Form 20-F in relation to their audit work performed for such reports and the inability of the PCAOB to conduct inspections of these auditors in the past has deprived our investors with the benefits of such inspections. .

- Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.
- The approval of and filing with the CSRC or other PRC government authorities may be required retrospectively in connection with the Mergers and the Transactions under PRC law, and, if required, it is uncertain whether such approval can be obtained or filing completed or how long it will take to obtain such approval or complete such filing.

Risks Related to Our ADSs

- Our multi-class share structure with different voting rights will significantly limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of the Class A ordinary shares and the ADSs may view as beneficial.
- The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.
- We are a “controlled company” within the meaning of the Nasdaq Stock Market Rules, and as a result, may rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.
- We will not pay dividends for the foreseeable future, you must rely on price appreciation of the ADSs for return on your investment.
- Substantial future sales or perceived sales of the ordinary shares or ADSs in the public market could cause the price of the ADSs to decline.
- Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings, and you may not receive cash dividends if it is impractical to make them available to you.

Risks Related to Our Business and Industry

NaaS is an early-stage company with a history of losses, and we expect to incur significant expenses and continuing losses for the near term.

NaaS incurred net loss of RMB77.9 million and RMB260.5 million (US\$40.9 million) in 2020 and 2021, respectively. We expect to continue to incur significant operating expenses and net losses for the near term and expect that our net loss will increase in 2022 compared with 2021. There can be no assurance that we will be able to achieve profitability in the future. Our potential profitability is particularly dependent upon the continued adoption of EVs by consumers and fleet operators, the widespread adoption of electric passenger and other vehicles and other electric transportation modalities, which may not occur.

NaaS experienced rapid growth and we expect to invest in growth for the foreseeable future. If we fail to manage growth effectively, our business, operating results and financial condition could be adversely affected.

NaaS had serviced more than 50, 200 and 981 charging station operators and more than 11,000, 17,000 and 44,000 charging stations as of December 31, 2019 and 2020 and as of June 30, 2022, respectively. The total number of chargers accessible through its network was over 165,000 in 2020, 278,000 in 2021 and reached 404,000 in the first half of 2022, representing a yearly increase of 59.9%, 68.4% and 124.8% in 2020, 2021 and in the first half of 2022, respectively, and with more than 80% of the chargers being DCFCs as of June 30, 2022.

The growth and expansion of NaaS’ business placed, and the continued growth and expansion of our business following the completion of the Mergers will continue to place, a significant strain on management, operations, financial infrastructure and corporate culture. We will need to continue to improve our operational, financial and management controls and reporting systems and procedures in order to manage growth in operations and personnel. Failure to manage growth effectively could result in loss of customers, difficulty in attracting new customers, declines in quality of products and services or in customer satisfaction, increases in costs, difficulties and delays in introducing new products and services or enhancing existing products and services, information security vulnerabilities or other operational difficulties, any of which could have adverse effect on our business, financial condition and results of operations.

NaaS has a limited operating history. NaaS recently restructured certain aspects of its corporate organization and business operations, adopted a new and unproven business model and expanded into new business segments, and we are subject to significant risks in relation to such transition.

NaaS launched its mobility connectivity services in 2019. Full station operation commenced in June 2020 and non-charging services were launched one month later. NaaS began to provide hardware procurement services in July 2020, and electricity procurement services in October 2020. NaaS further added SaaS products and services targeting EVs and station operation and maintenance to its portfolio of solutions in 2021.

Historically, NaaS' EV charging service business in China was primarily carried out through Newlink and its consolidated entities. Kuaidian Power Beijing also operated *Kuaidian*, the mobile application and the Weixin mini-program that connect EV drivers with charging stations and charging piles. In early 2022, NaaS entered into a series of transactions to restructure its organization and its EV charging service business, including transactions where (i) Dada Auto, through a subsidiary, entered into contractual arrangements with Kuaidian Power Beijing, as a result of which Kuaidian Power Beijing initially became a VIE of Dada Auto, but such arrangements were terminated in April 2022 and Kuaidian Power Beijing ceased being a VIE of Dada Auto, and (ii) the ownership of *Kuaidian* as well as the rights to access and use certain data generated by or in the possession of *Kuaidian* were transferred to a third party service provider. For more information on our corporate history and the Restructuring, see "Item 4. Information on the Company—A. History and Development of the Company" and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We rely on our collaborative arrangements with the operator of *Kuaidian* in delivering our EV charging solutions."

As a result of the Restructuring, we do not have any VIE and we conduct our operations in China through our subsidiaries as of the date of this Shell Company Report on Form 20-F. We are subject to many risks associated with NaaS' limited operating history and the Restructuring. As a result of the divestment of the rights of NaaS in the operation of *Kuaidian* and related data, NaaS has been and we currently are in the process of, adjusting the business operations and model with respect to EV charging services. There is no assurance that such adjustment will be successful or will result in growth, revenue or profit. We may further experience a loss of continuity, loss of accumulated knowledge or loss of efficiency during the transitional period. Additionally, it is difficult to forecast the full impact of the Restructuring and it is uncertain whether the Restructuring will eventually be beneficial to us. We are also faced with risks and challenges with respect to our ability to:

- manage changes in our business operations following the Restructuring;
- navigate an evolving and complex regulatory environment;
- improve and maintain our operational efficiency;
- establish, retain and expand our customer base;
- successfully market our product and service offerings;
- attract, retain, and motivate talented employees;
- anticipate and adapt to changing market conditions and demands, including technological developments and changes in competitive landscape; and
- build a well-recognized and respected brand as we cease to conduct our business through *Kuaidian* or under the "Kuaidian" brand.

In addition, because NaaS has a limited operating history and track record and operate in a rapidly evolving market, any predictions about our future revenues and expenses may not be as accurate as they would be if NaaS had had a longer operating history or operated in a more predictable market. NaaS encountered in the past, and we will continue to encounter in the future, risks and uncertainties frequently experienced by fast-growing companies with limited operating histories in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or outdated, or if we do not address these risks successfully, our results of operations could differ materially from expectations, and our business, financial condition and results of operations could be adversely affected.

The EV charging industry and its technology are rapidly evolving and may be subject to unforeseen changes.

The EV charging market is in its early stage and is constantly evolving. New demands and preferences continue to emerge from industry participants, especially from charging station operators and owners and EV drivers. The EV charging market in China is unique in the sense that there is overall a very high demand for public charging infrastructure due to the scarcity of private or residential charging facilities. The trend towards the primacy of public charging is expected to continue in China and our product and service offerings are tailored in anticipation of this market development. There is however no assurance that public charging will be or will remain as the predominant mode of charging in China and the possibility of a transition to private charging or battery swap as the primary mode of charging, following a change in end-user preference, legislative initiatives or otherwise, cannot be gainsaid. We will be tested on our ability to forecast and meet shifts in the market and to make timely adaptation of our product and service offerings. If we fail to do so, our business, operating results, prospects and financial condition will be adversely affected.

The EV charging industry is also characterized by rapid technological change, which will require us to continue to innovate in our product and service offerings. Any delays in such development could adversely affect market acceptance of our solutions. Our future success will depend upon our ability to develop and introduce a variety of new capabilities and innovations to our product and service offerings, to address the changing needs of the EV charging market. As new products and services are introduced, gross margins tend to decline in the near term and improve as the product and services become more mature and gain traction in the market. As EV and EV charging technologies change, we may need to upgrade our technologies, software and other product and service offerings in order to serve vehicles that have the latest technology, which could involve substantial costs. Even if we are able to keep pace with changes in technology and develop new products and services, our research and development expenses could increase, our gross margins could be adversely affected in some periods and our prior products could become obsolete more quickly than expected. - There is no guarantee that any new products or services will be released in a timely manner, or at all, or achieve market acceptance. Delays in this respect could damage our relationships with customers and lead them to seek alternative providers. If we are unable to devote adequate resources to innovate and meet customer requirements on a timely basis or to remain competitive with technological alternatives, our products and services could lose market share, our revenue will decline, our may experience higher operating losses and our business and prospects could be adversely affected.

We face intense competition, including from a number of companies in China, and expect to face significant competition in the future as the public EV charging service industry develops.

The public EV charging service market is relatively new and competition is still developing.

We primarily compete with other EV charging service providers. Some charging station operator customers in China require solutions not yet available and the continuous arrival of new players in this market heightens the need for us to develop and maintain our competitive edge. In addition, there are multiple competitors in China with limited funding or capabilities, which could cause poor experiences, hampering overall EV adoption or trust in that particular provider or the EV charging service market as a whole.

Because the public EV charging service market is relatively nascent, our charging station operator customers and we have been and are expected to continue exploring different business models and innovate our product and service offerings. Our station operator customers are launching products and services that compete with our offerings and may continue to do so in the future. In addition, station operators will seek to acquire and connect with end-users directly and reduce their reliance on third-party EV charging service provider like us. They may also be able to drive out EV charging service providers like us from a certain geography by dominating or monopolizing EV charging services in that locale.

There are also other means for charging EVs in China, which could affect the level of demand for public charging capabilities at charging stations. For example, certain EV OEMs have built and will continue to build their own supercharger network across China for their EVs, which could reduce overall demand for EV charging services at other sites or eliminate the need for services from third-party EV charging service provider all together. Also, third-party contractors can provide basic electric charging capabilities to potential customers seeking to have on premise EV charging capability as well as for home charging. In addition, many charger manufacturers and EV OEMs are offering home charging equipment, which could reduce demand for public charging infrastructure if EV owners find charging at home to be sufficient.

Further, our current or potential competitors may be acquired by third-parties with greater available resources or gain access to the capital markets for additional funding. As a result, competitors may be able to respond more quickly and effectively than us to new or changing opportunities, technologies, standards or customer requirements and may have the ability to initiate or withstand substantial price competition. In addition, competitors may in the future establish cooperative relationships with vendors of complementary products, technologies or services to increase the availability of their solutions in the marketplace. This competition may also materialize in the form of costly intellectual property disputes or litigation.

New competitors or alliances may emerge in the future that have greater market share, more widely adopted proprietary technologies, greater marketing expertise and greater financial resources, which could put us at a competitive disadvantage. Future competitors could also be better positioned to serve certain segments of our current or future target markets, which could create price pressure. In light of these factors, such current or potential customers may accept competitive solutions. If we fail to adapt to changing market conditions or to continue to compete successfully with current charging service providers or new competitors, our growth will be limited which would adversely affect our business and results of operations.

Newlink exercises substantial influence over us. Our operation is dependent on our collaboration with Newlink.

As of the date of this Shell Company Report on Form 20-F, Newlink has the right to vote 90.6% of our ordinary shares and has substantial influence over our affairs. We also rely on certain services provided by and cooperative arrangements entered into with Newlink and we benefit significantly from the strong market position, industrial insights, brand recognition and extensive upstream and downstream resources of Newlink.

There is no assurance that we will continue to maintain the same collaborative arrangements with or receive the same level of support from Newlink. Any failure by Newlink to perform its obligations under these arrangements or any change to Newlink's own business, including its future operational needs, results of operations and cash flow and capital expenditure requirements, could affect our arrangements with Newlink or the level of support that Newlink is able or willing to offer to us, which in turn could have a material adverse effect on our business, financial condition, results of operations and cash flows. Prior to the completion of the Transactions, Newlink bore certain expenses which were incurred for our benefits but there is no certainty that Newlink will continue to do so. If we were to settle such expenses on our own historically, our financial condition and results of operations could be adversely affected and could have differed from those presented in this Shell Company Report on Form 20-F. In addition, to our knowledge, Newlink intends to distribute some or all of the ordinary shares of ours that it owns to its shareholders, which could significantly reduce its shareholding. In the event that Newlink ceases to be a significant shareholder of ours as a result of such distribution, our collaborative relationship with Newlink may suffer, and Newlink may reduce the level of support it affords us or otherwise take actions that are not in our best interests or the best interests of our other shareholders, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We rely on our collaborative arrangements with the operator of Kuaidian in delivering our EV charging solutions.

We benefit significantly from and we are expected to continue relying on *Kuaidian's* existing user base and services for our mobility connectivity services, connecting end-users on *Kuaidian* with our charging station operator customers.

Historically, Kuaidian Power Beijing operated *Kuaidian*. As part of the Restructuring, the ownership of *Kuaidian* as well as the rights to access and use certain data generated by or in the possession of *Kuaidian* have been transferred to a third-party service provider as of the date of this Shell Company Report on Form 20-F.

A series of agreements, including a Business Cooperation Agreement, a Data Service Agreement and a Charging Business Cooperation Agreement, took effect in March 2022 between NaaS and the third-party service provider pursuant to which NaaS has and is expected to continue to receive certain services from such operator in relation to the delivery of EV charging solutions for an initial term of five years. There is however no assurance that we will continue to maintain the same collaborative arrangements with or receive the same level of services from the third-party service provider. If the arrangement between NaaS and the third-party service provider is terminated or expires without renewal, or if the third-party service provider fails to perform its obligations under this arrangement, becomes unable to provide its services timely and effectively, or at all, or decides to conduct its business or operate *Kuaidian* in a way that is detrimental to our business interests, our business may be severely interrupted and there would be a material adverse effect on our business, results of operations, financial condition, and prospects. Further, because the third party service provider is the sole service provider through whom we are given access to *Kuaidian's* existing user base and services, we also face risks resulting from our reliance on a single service provider for a key aspect of our business. For examples, if the third-party service provider terminates the business cooperation agreement with us or if the agreement expires without renewal, we may not be able to identify an alternative service provider that provides comparable services. Even if we find an alternate provider, we may not be able to enter into a similar agreement with such alternate provider in a timely manner or on terms that are acceptable to us or at all and there are also significant risks associated with any transitioning activities. This will cause significant disruption to our business, which could in turn materially and adversely impact our business, results of operations, financial condition, and prospects.

Our results of operation and future profitability are and will remain highly dependent on the success of our online EV charging solutions.

Our results of operation and future profitability are and will continue to substantially depend on the commercial success and market acceptance of our online EV charging solutions. As a result of such dependence, a significant decline in the demand for or pricing of our online EV charging solutions would have a material adverse effect on our business, operating results and financial condition. Any decline in the market demand for these solutions or any failure to timely improve our solutions or introduce new solutions could have a material adverse effect on our business, financial condition and results of operations. To the extent that our EV charging solutions do not meet customer expectations, in terms of quality, cost or otherwise, our future profitability may be materially and adversely affected. There can also be no assurance that we will be able to broaden our product and service portfolio or reduce our reliance on online EV charging solutions.

Failure to effectively expand our sales and marketing capabilities could harm our ability to efficiently deliver our solutions, retain existing customers, increase our customer base, or achieve broader market acceptance of our solutions.

Our ability to efficiently deliver our solutions, retain existing customers, grow our customer base, achieve broader market acceptance, grow revenue, and achieve and sustain profitability will depend, to a significant extent, on our ability to effectively expand our sales and marketing operations and activities. Sales and marketing expenses represent a significant percentage of our total revenue, and our operating results will suffer if sales and marketing expenditures do not contribute significantly to increasing revenue.

We are and we expect to be dependent on our in-house business development team to identify new charging station operator customers and explore near-term and long-term opportunities and convert them into our customers. We expect to continue expanding our direct business development force but we may not be able to recruit or retain a sufficient number of qualified personnel, which may adversely affect our ability to expand our business development capabilities. New hires require significant training and time before they achieve full productivity, particularly in new sales territories. Furthermore, hiring business development personnel in new regions can be costly, complex and time-consuming, and requires additional set up and upfront costs that may be disproportionate to the initial revenue expected from those countries. There is significant competition for qualified business development personnel with strong sales skills and technical knowledge. Our ability to achieve significant revenue growth in the future will depend, in large part, on our success in recruiting, training, incentivizing and retaining a sufficient number of qualified business development personnel and on such personnel attaining desired productivity levels within a reasonable amount of time.

We also seek to improve the efficiency of our mobility connectivity services and attract more station operators and end-users to join our network through a variety of online and offline marketing and branding activities and promotions targeting end-users and other users of our EV charging network. This continues to require us to improve our marketing approaches and experiment with new marketing methods to keep pace with industry developments and end-user preferences. Failure to refine our existing marketing strategies or to introduce new marketing activities in a cost-effective manner could reduce our customer mindshare, lower the effectiveness of the EV charging solutions we provide to our station operator customers and negatively impact our revenues, and consequently affect our profitability.

Our business will be harmed if we fail to continue investing in our sales and marketing capabilities or if our continuing investment does not generate a proportionate increase in revenue.

We rely on marketing, branding and promotional activities to maintain, enhance and protect our reputation and brand recognition, expand our business and improve the efficiency of our solutions, which activities may be costly and may not be effective.

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with both our end-users and our station operator customers. We seek to improve the efficiency of our mobility connectivity services and attract more station operators to join our network through a range of marketing, branding and promotional activities that target our end-users.

The promotion of our brand may require us to make substantial investments, including incentives offered to end users, and we anticipate that, as the market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Our marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur and our results of operations could be harmed. If we scale back our marketing activities or if our marketing efforts or the channels we use to promote our products and services become less effective, or if our competitors decide to devote more resources to marketing activities, we may fail to attract new end-users or station operators or to retain our existing end-users or station operators, in which case our business, operating results and financial condition, would be materially and adversely affected.

Our operations have been and may continue to be negatively affected by COVID-19 pandemic.

Since late 2019, the outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. In response, China imposed widespread lockdowns, closure of work places and restrictions on mobility and travel to contain the spread of the virus. After the initial outbreak in late 2019, from time to time, some instances of COVID-19 infections have emerged in various regions of China, including infections caused by the Omicron variant. China began to modify its dynamic zero-COVID policy at the end of 2022, and most of the travel restrictions and quarantine requirements were lifted in December. There were surges of cases in many cities during this time, and there remains uncertainty as to the future impact of the virus, especially in light of this change in policy. We cannot be assured that more lockdowns and other restrictive measures will not be implemented in the future. Some other countries, including the U.S., also introduced various restrictions in response to the COVID-19 pandemic.

Our business has been affected by the COVID-19 outbreak. For example, due to slowed economic activities, end-users have become more price-sensitive and we may be required to provide more incentives and expend more resources on marketing activities to help generate more charging transactions for our charging station customers. Further, there is no assurance that lockdowns and other restrictive measures will not be implemented in China in the future. These measures reduced and, if adopted again, will continue to reduce the demand for transportation in general and as a consequence also lower the demand for EV charging services. If significant portions of our workforce are unable to work effectively, including due to illness, quarantines, social distancing, government actions or other restrictions in connection with the COVID-19 pandemic, our operations will be negatively impacted.

Disruptions in the manufacturing, delivery and overall supply chain of vehicle manufacturers and suppliers, such as exacerbated port congestion and intermittent supplier shutdowns and delays, have resulted in additional costs and, to a lesser extent, component shortages, and have led to fluctuations in the growth of EV sales in markets around the world. Any sustained downturn in the demand for EVs would also harm our business. Increased demand for personal electronics has also created a shortfall of semiconductor chips, which has caused additional supply challenges both within and outside of the EV and EV charging industry.

The effect of the COVID-19 pandemic on our business, prospects and results of operations will depend on the direction and duration of current global trends and their sustained impact. Difficult macroeconomic conditions, such as decreases in per capita income and level of disposable income, increased and prolonged unemployment or a decline in consumer confidence as a result of the COVID-19 pandemic, as well as reduced level of transportation activities or lowered spending by businesses, could have a material adverse effect on the demand for our products and services.

We currently have a concentrated station operator customer base with a limited number of key station operator customers. The loss of one or more of our key station operator customers, or a failure to renew our agreements with one or more of our key station operator customers, could adversely affect our results of operations and ability to market our products and services.

NaaS derived a substantial portion of its revenue from a limited number of key station operator customers. Although we plan to expand and diversify our station operator customer base, we still expect to be reliant on our major station operator customers. For the years ended December 31, 2021, NaaS' top five station operator customers accounted for approximately 60% of its revenue. In addition, a substantial number of charging stations on our network are operated under a franchise business model offered by one of our key station operator customer. These stations are connected to our network via our key station operator customer and we have no direct business relationship with their operators.

We expect that a substantial portion of our revenue will continue to be derived from a relatively limited number of station operator customers. If we were to lose any of our key station operator customers, or if any of such customers experiences lower sales or lower charging volume, decides to conduct its business in a way that is not aligned with our business interests, or take other actions that are detrimental to our interests, there could be a material adverse effect on our results of operations, business, financial condition, and prospects. Key station operator customers may also seek, and on occasion receive, pricing, payment or other commercial terms that are less favorable to us and can hurt our competitive position.

Our future growth and success is highly correlated with and thus dependent upon the continuing rapid adoption of EVs for passenger and fleet applications.

Our future growth is highly dependent upon the adoption of EVs by businesses and consumers. The market for EVs is still rapidly evolving, characterized by rapidly changing technologies, competitive pricing and competitive factors, evolving government regulation and industry standards and changing consumer demands and behaviors, changing levels of concern related to environmental issues and governmental initiatives related to climate change and the environment generally. Although the demand for EVs has grown in recent years, there is no guarantee of continuing future demand. If the market for EVs develops more slowly than expected, or if the demand for EVs decreases, our business, prospects, financial condition and operating results would be harmed. The market for EVs could be affected by numerous factors, such as:

- perceptions about EV features, quality, safety, performance and cost;
- perceptions about the limited range over which EVs may be driven on a single battery charge;
- competition, including from other types of alternative fuel vehicles, plug-in hybrid electric vehicles and high fuel-economy internal combustion engine vehicles;
- volatility in the cost of oil and gasoline;
- concerns regarding the stability of the electrical grid;
- the decline of EV battery's ability to hold a charge over time;
- availability of service for EVs;
- consumers' perception about the convenience and cost of charging EVs;
- increases in fuel efficiency;
- government regulations and economic incentives, including adverse changes in, or expiration of, favorable tax incentives related to EVs, EV charging stations or decarbonization generally;
- relaxation of government mandates or quotas regarding the sale of EVs; and
- concerns about the future viability of EV manufacturers.

In addition, sales of vehicles in the automotive industry can be cyclical, which may affect growth in the acceptance of EVs. It is uncertain how macroeconomic factors will impact demand for EVs, particularly since they can be more expensive than traditional gasoline-powered vehicles, when the automotive industry globally has been experiencing a recent decline in sales. Although China is currently one of the world's major automotive markets, there have been fluctuations in terms of year-over-year growth in sales volume recently for passenger vehicles in general as well as for EVs. It cannot be predicted how the consumer demand for EVs and for passenger vehicles in general will develop in the future. COVID-19 also had a significant adverse impact on EV sales and automobile sales in general in China. Amid the market slowdown, certain automakers operating in China have suffered declining performance or financial difficulties. If the consumer demand for EVs in China abates, our business, financial condition and results of operations could be materially and adversely affected.

Demand for EVs may also be affected by factors directly impacting automobile prices or the cost of purchasing and operating automobiles, such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations, including tariffs, import regulation and other taxes. Volatility in demand may lead to lower vehicle unit sales, which may result in reduced demand for EV charging services and related solutions and therefore adversely affect our business, financial condition and operating results.

The EV market in China has benefited from the availability of rebates, tax credits and other financial incentives from governments, utilities and others to offset the purchase or operating cost of EVs and EV charging stations. Any reduction, modification, or elimination of such benefits could cause reduced demand for EVs and EV charging services, which would adversely affect our financial results.

Our growth benefits from PRC government policies at central and local levels that favor the adoption of EVs and expansion of EV charging stations.

The PRC government has been implementing strict vehicle emission standards for internal combustion engine vehicles. Certain municipal governments in China impose quotas and lottery or bidding systems to limit the number of license plates issued to internal combustion engine vehicles, but exempt qualified EVs from these restrictions to incentivize the development of the EV market.

The PRC government also provides incentives to end-users and purchasers of EVs and EV charging stations in the form of tax exemptions, subsidies, other financial incentives and preferential utility rates for charging facilities. The EV market relies on these governmental rebates, tax credits and other financial incentives to significantly lower the effective price of EVs and EV charging services to end-users. However, these incentives may expire on a particular date, end when the allocated funding is exhausted, or be reduced or terminated as a matter of regulatory or legislative policy. As an example, the PRC central government has recently implemented a phase-out schedule for the subsidies provided for purchasers of certain EVs. On December 31, 2021, the Ministry of Finance, the Ministry of Industry and Information Technology (the “MIIT”), the Ministry of Science and Technology and the National Development and Reform Commission jointly issued the Notice on the Promotion and Application of Financial Subsidy Policies for New Energy Vehicles in 2022. According to the notice, the level of subsidy for new energy vehicles was reduced by 30% in 2022 compared with 2021. The notice also stipulates that the subsidy for new energy vehicle purchases would terminate on December 31, 2022, and vehicles registered after December 31, 2022 will no longer be entitled to any government subsidy. The termination or scaling back of any governmental support or incentive could adversely affect our business, financial condition and operating results.

Our business is subject to complex and evolving PRC laws and regulations regarding cybersecurity and data privacy.

Historically, our PRC subsidiary, Kuaidian Power Beijing, operated *Kuaidian*. As part of the Restructuring, the ownership of *Kuaidian* as well as the rights to access and use certain data generated by or in the possession of *Kuaidian* have been transferred to a third-party service provider as of the date of this Shell Company Report on Form 20-F. NaaS entered into a series of agreement with the third-party service provider, pursuant to which NaaS will receive certain services from such operator in relation to the delivery of EV charging solutions.

We and the third-party service provider face challenges with respect to the complex and evolving laws and regulations regarding cybersecurity and data privacy in China, including without limitation, the PRC Criminal Law, PRC Civil Code, PRC Cybersecurity Law, PRC Data Security Law, and PRC Personal Information Protection Law. These laws and regulations mandate the protection of the confidentiality, integrity, availability, and authenticity of the information of end-users. While we believe the third-party service provider has adopted information security policies and deployed measures to implement the policies, there could be compromise or breach of its information system due to increased level of expertise of hackers or otherwise. If the third-party service provider is unable to protect its systems, and hence the information stored in its systems, from unauthorized access, use, disclosure, disruption, modification, or destruction, such problems or security breaches could cause the termination or suspension of the business of the third-party service provider or otherwise result in material adverse impact on its operations and thereby its collaborative arrangement with us. This could in turn have material adverse impact on our business, prospects, financial condition and operating results.

The PRC Criminal Law, as most recently amended on November 1, 2015, prohibits institutions, companies and their employees from selling or otherwise illegally disclosing a PRC citizen’s personal information obtained during the course of performing duties or providing services, or obtaining such information through theft or other illegal ways. On November 7, 2016, the Standing Committee of the National People’s Congress of the PRC issued the Cyber Security Law of the PRC (the “Cyber Security Law”), which became effective on June 1, 2017. Pursuant to the Cyber Security Law, network operators must not collect users’ personal information without their consent and may only collect users’ personal information necessary to the provision of services. Providers are also obligated to provide security maintenance for their products and services and to comply with provisions regarding the protection of personal information as stipulated under the relevant laws and regulations. On September 14, 2022, the CAC issued a proposed revision of the Cyber Security Law, purporting to increase fines for serious violations of up to RMB 50 million or 5% of annual revenues from the prior year. The Civil Code of the PRC (issued by the National People’s Congress of the PRC on May 28, 2020, and effective from January 1, 2021) provides the main legal basis for privacy and personal information infringement claims under Chinese civil law.

PRC regulators have been increasingly focused on regulation in areas of data security and data protection. The PRC regulatory requirements regarding cybersecurity are constantly evolving. For instance, various regulatory bodies in China, including the CAC, the MIIT, the Ministry of Public Security and the State Administration for Market Regulation, have enforced data privacy and protection laws and regulations with varying and evolving standards and interpretations. In addition, certain internet platforms in China have reportedly been subject to heightened regulatory scrutiny in relation to cybersecurity matters.

In April 2020 the Chinese government promulgated the Cybersecurity Review Measures (the “2020 Cybersecurity Review Measures”), which came into effect on June 1, 2020. On December 28, 2021, the Chinese government promulgated the amended Cybersecurity Review Measures (the “2022 Cybersecurity Review Measures”), which came into effect on February 15, 2022. According to the 2022 Cybersecurity Review Measures, (i) critical information infrastructure operators’ purchase of network products and services and internet platform operators’ data processing activities shall be subject to cybersecurity review in accordance with the 2022 Cybersecurity Review Measures if such activities affect or may affect national security; and (ii) internet platform operators holding personal information of more than one million users and seeking to have their securities listed on a stock exchange in a foreign country are required to file for cybersecurity review with the Cybersecurity Review Office. Under the Regulation on Protecting the Security of Critical Information Infrastructure promulgated by the State Council on July 30, 2021, effective September 1, 2021, “critical information infrastructure” is defined as important network facilities and information systems in important industries and fields, such as public telecommunication and information services, energy, transportation, water conservancy, finance, public services, e-government and national defense, science, technology and industry, as well as other important network facilities and information systems that, in case of destruction, loss of function or leak of data, may severely damage national security, the national economy and the people’s livelihood and public interests. As of the date of this Shell Company Report on Form 20-F, neither we nor the third-party service provider has been informed by any PRC governmental authority that we or it operates any “critical information infrastructure.”

The 2022 Cybersecurity Review Measures provides, among others, that: (i) internet platform operators who are engaged in data processing are also subject to the regulatory scope; (ii) the CSRC is included as one of the regulatory authorities for purposes of jointly establishing the state cybersecurity review mechanism; (iii) internet platform operators holding personal information of more than one million users and seeking to have their securities list on a stock exchange in a foreign country shall file for cybersecurity review with the Cybersecurity Review Office; (iv) the risks of core data, important data or large amounts of personal information being stolen, leaked, destroyed, damaged, illegally used or illegally transmitted to overseas parties and the risks of critical information infrastructure, core data, important data or large amounts of personal information being influenced, controlled or used maliciously by foreign governments and any cybersecurity risk associated with a company’s listing on a stock exchange shall be collectively taken into consideration during the cybersecurity review process; and (v) critical information infrastructure operators and internet platform operators covered by the 2022 Cybersecurity Review Measures shall take measures to prevent and mitigate cybersecurity risks in accordance with the requirements therein. On November 14, 2021, the CAC released the draft Administrative Regulation on Network Data Security for public comments through December 13, 2021 (the “Draft Administrative Regulation on Network Data Security”). Under the Draft Administrative Regulation on Network Data Security, (i) data processors, i.e., individuals and organizations who can decide on the purpose and method of their data processing activities at their own discretion, that process personal information of more than one million individuals shall apply for cybersecurity review before listing in a foreign country; (ii) overseas data processors shall carry out annual data security evaluation and submit the evaluation report to the municipal cyberspace administration authority; and (iii) where the data processor undergoes merger, reorganization or subdivision that involves important data and personal information of more than one million individuals, the transaction shall be reported to the authority in-charge at the municipal level (by data processor or data recipient).

As of the date of this Shell Company Report on Form 20-F, neither we nor the third-party service provider has been directed by any PRC governmental authority to apply for cybersecurity review, or received any inquiry, notice, warning, sanction in such respect or been denied permission from any Chinese authority with respect to the listing on a stock exchange in any foreign country, the Mergers or the Transactions. However, as the PRC government has the authority and discretion to interpret and implement these laws and regulations and there remains uncertainty in the interpretation and enforcement of relevant PRC cybersecurity laws and regulations, there is no assurance that we or the third-party service provider will not be deemed to be subject to PRC cybersecurity review requirements under the 2022 Cybersecurity Review Measures or the Draft Administrative Regulations on Network Data Security (if enacted) as a critical information infrastructure operator or an internet platform operator that is engaged in data processing activities that affect or may affect national security or holds personal information of more than one million users, nor can it be assured that we or the third-party service provider would be able to pass any cybersecurity review if required. In addition, we and the third-party service provider could become subject to enhanced cybersecurity review or investigations launched by PRC regulators in the future pursuant to any new laws, regulations or policies. Any failure or delay in the completion of the cybersecurity review or any other non-compliance with applicable laws and regulations may result in fines, suspension of business, prospects, website closure, revocation of business licenses or other penalties, as well as reputational damage or legal proceedings or actions against us or the third-party service provider, which may have a material adverse effect on our business, financial condition and results of operations.

On June 10, 2021, the Standing Committee of the National People’s Congress of the PRC, promulgated the PRC Data Security Law, which became effective in September 2021. The PRC Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development and the degree of harm it will cause to national security, public interests or the rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked or illegally acquired or used. The PRC Data Security Law also provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data and information. On August 20, 2021, the Standing Committee of the National People’s Congress promulgated the Personal Information Protection Law, effective November 1, 2021. The Personal Information Protection Law clarifies the required procedures for personal information processing, the obligations of personal information processors, and individuals’ personal information rights and interests. The Personal Information Protection Law provides that, among other things, (i) the processing of personal information is only permissible under certain circumstances, such as prior consent from the subject individual, fulfillment of contractual and legal obligations, furtherance of public interests or other circumstances prescribed by laws and regulations; (ii) the processing of personal information should be conducted in a disciplined manner with as little impact on individuals’ rights and interests as possible, and (iii) excessive collection of personal information is prohibited. In particular, the Personal Information Protection Law provides that personal information processors should ensure the transparency and fairness of automated decision-making based on personal information, refrain from offering unreasonably differentiated transaction terms to different individuals and, when sending commercial promotions or information updates to individuals selected through automated decision-making, simultaneously offer such individuals an option not based on such individuals’ specific characteristics or a more convenient way for such individuals to turn off such promotions.

On October 29, 2021, the CAC released the Draft Measures on Data Export Security Assessment (the “Draft Security Assessment Measures”) for public comments through November 28, 2021, which provides for the scope of data that will be subject to security assessment when being exported, including (i) personal information and important data collected and generated by a critical information infrastructure operator; (ii) any important data that is to be exported; (iii) personal information from a data processor that has processed personal information of one million individuals or more; (iv) information from a data processor that in aggregate has exported personal information of over 100,000 individuals or sensitive personal information of over 10,000 individuals; and (v) such other information prescribed by the CAC. As its provisions and anticipated adoption or effective date are subject to change, and the interpretation and implementation measures remain uncertain, there is no assurance that the final rules will not have material adverse effect on the business operations of the third-party service provider or on us.

On February 10, 2022, the MIIT, issued the Administrative Measures for Data Security in the Field of Industry and Information Technology (Trial) (Second Draft) (the “Draft Data Security Measures in the IT Field”), which stipulates that all businesses which handle data in the field of industry and informatization in China are required to categorize such information as “ordinary,” “important” or “core” and businesses processing “important” or “core” data shall comply with certain filing and reporting obligations. Data in the field of industry and informatization includes industrial data, telecoms data and radio data. “Industrial data” refers to information gathered and produced in the process of R&D, design, production and manufacturing, operation management, operation and maintenance, platform operation and other processes in all sectors and fields of industry. “Telecoms data” refers to information gathered and produced in the operation of telecommunications businesses. “Radio data” refers to radio frequency, radio station and other radio parameter data generated and collected in the operation of radio businesses. The Draft Data Security Measures in the IT Field also provides that the provision of “important” or “core” data to a foreign party requires a security assessment of the cross-border data transfer (by relevant PRC government authorities), and no data in the field of industry or informatization stored in China can be provided to foreign regulatory authorities without the approval of the MIIT. If the Draft Data Security Measures in the IT Field, once issued, mandates a review process for the provision of “important” or “core” data to foreign parties, there are uncertainties as to whether any of the services received and used in our business will be implicated, and if so implicated, whether any such services can be provided to or by us. However, given that both the Draft Data Security Measures in the IT Field and the Draft Security Assessment Measures are published for public comments only, it remains uncertain as to whether and in what form would the final measures will be issued. It cannot be assured that these measures, once issued, would not have a material adverse effect on our business, prospects, financial condition or results of operations.

Pursuant to the Cybersecurity Review Measures, we conducted a self-assessment with respect to the status of our compliance with the Cyber Security Law, the Data Security Law, the Personal Information Protection Law, and the relevant implementing regulations and we implemented various measures to improve the overall compliance level. We are of the view that our existing practices are compliant with applicable requirements imposed under the foregoing laws, rules and regulations, including the regulations or policies that have been issued by the CAC to date, in all material respects. However, regulatory requirements on cybersecurity and data privacy are evolving and can be subject to varying interpretations or significant changes. While NaaS transferred the ownership of *Kuaidian* as well as the rights to access and use certain data generated by or in the possession of *Kuaidian* to the third-party service provider and despite our efforts to comply with laws and regulations relating to privacy, data protection and information security, there is no guarantee that the current security measures, practices and operations of ours and of the third-party service provider are and will remain compliant with applicable laws. In the event of non-compliance or any compromise of security that results in unauthorized access, use or release of personally identifiable information or other data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, our reputation could be harmed and we may be subject to investigations and penalties by PRC governmental authorities, including fines, suspension of business, and revocation of required licenses, as well as private claims and litigations, any of which could materially and adversely affect our business, prospects, financial condition and operating results and could result in a material impact on the value of our securities.

We rely on the service of our founders and certain members of our executive management team, and the loss of any of them may adversely affect our operations. Further, if we are unable to attract or retain key employees and hire qualified management, technical, engineering and sales personnel, our ability to compete and successfully grow our business would be harmed.

Our continued success is and will continue to depend to a significant extent on the efforts and abilities of Mr. Zhen Dai, Ms. Yang Wang and Mr. Alex Wu, serving as our chairman of board of directors, chief executive officer and chief financial officer, respectively, and each of whom is and will continue to be actively engaged in our management and determines our strategic direction. The departure of any of the foregoing key individuals from or their reduced attention to us could have a material adverse effect on our operations, financial condition and operating results. Mr. Dai and Ms. Wang also serve as chairman and president of Newlink, respectively, and may not be able to devote her full efforts to our affairs.

We are and will continue to be dependent upon the services of members of our executive management team. Our future performance will also depend on their continued services and continuing contributions to formulate and execute our business plan and to identify and pursue new opportunities and product innovations. The loss of services of any of these individuals, or the ineffective management of any leadership transitions could significantly delay or prevent the achievement of our development and strategic objectives, which could adversely affect our business, financial condition, and operating results.

Our success also depends, in part, on the continuing ability to identify, hire, attract, train and develop and retain highly qualified personnel. The inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business and financial condition. Competition for employees can be intense and the ability to attract, hire and retain them will depend on our ability to provide competitive compensation. We may not be able to attract, assimilate, develop or retain qualified personnel in the future.

We may need to raise additional funds and these funds may not be available when needed, if at all.

We may need to raise additional capital in the future to further scale and expand our business. We may raise additional funds through the issuance of equity, equity-related or debt securities, or through obtaining credit from government or financial institutions. There is no certainty that additional funds will be available on favorable terms when required, or at all. If additional funds cannot be obtained when needed, our financial condition, results of operations, business and prospects could be materially and adversely affected. If we raise funds through the issuance of debt securities or through loan arrangements, the terms of which could require significant interest payments, contain covenants that restrict our business, or other unfavorable terms. In addition, to the extent we raise funds through the sale of additional equity securities, our shareholders would experience additional dilution.

We expect to incur research and development costs in and to devote significant resources to the development of new products and services, which could significantly reduce our profitability and may never result in revenue.

Our future growth depends on penetrating new markets, adapting existing products and services to new applications and customer requirements, and introducing new products and services that achieve market acceptance. We plan to incur significant research and development costs in the future as part of our efforts to design, develop and market new products and services and enhance existing products and services. NaaS' research and development expenses were RMB17.6 million for the fiscal year ended December 31, 2020 and RMB30.3 million (US\$4.7 million) for the fiscal year ended December 31, 2021, respectively, and we are expected to incur greater research and development expenses in the future. Further, our research and development program may not produce successful results, and our new products may not achieve market acceptance, create additional revenue or become profitable.

We may not be able to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights or prevent others from unauthorized use of our technology and intellectual property rights, which could harm our business and competitive position and also make us subject to litigations brought by third parties.

Our intellectual property is an essential asset of our business and such intellectual property forms an essential part of our asset. Failure to adequately protect such intellectual property rights could result in our competitors offering similar products and services, potentially resulting in the loss of our competitive advantage and a decrease in our revenue, which would adversely affect our business prospects, financial condition and operating results. Our success depends on the ability to protect our core technology and intellectual property. We expect to rely on a combination of intellectual property rights, such as patents, trademarks, copyrights and trade secrets (including know-how), in addition to employee and third-party nondisclosure agreements, intellectual property licenses and other contractual rights, to establish, maintain, protect and enforce our rights in our technology, proprietary information and processes. Intellectual property laws and our procedures and restrictions will provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. If we fail to protect our intellectual property rights adequately, we may lose an important advantage in the markets in which we compete. While we are expected to take measures to protect our intellectual property, such efforts may be insufficient or ineffective, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Other parties may also independently develop technologies that are substantially similar or superior. We may also be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. However, the measures we will take to protect our intellectual property from unauthorized use by others may not be effective and there can be no assurance that our intellectual property rights will be sufficient to protect against others offering products, services or technologies that are substantially similar or superior to those of ours and that compete with our business.

Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property. Any litigation initiated concerning the violation by third parties of our intellectual property rights is likely to be expensive and time-consuming and could lead to the invalidation of, or render unenforceable, our intellectual property, or could otherwise have negative consequences for us. Furthermore, it could result in a court or governmental agency invalidating or rendering unenforceable our patents or other intellectual property rights upon which the suit is based. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we fail to detect unauthorized use of our intellectual property. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay the introduction and implementation of new technologies. Moreover, policing unauthorized use of technologies, trade secrets and intellectual property may be difficult, expensive and time-consuming. If we fail to meaningfully establish, maintain, protect and enforce our intellectual property and proprietary rights, our business, operating results and financial condition could be adversely affected.

We may need to defend against intellectual property infringement or misappropriation claims, which may be time-consuming and expensive.

From time to time, the holders of intellectual property rights may assert their rights and urge us to take licenses, and/or may bring suits alleging infringement, misappropriation or other violation of such rights. There can be no assurance that we will be able to mitigate the risk of potential suits or other legal demands by competitors or other third-parties. Accordingly, we may consider entering into licensing agreements with respect to such rights, although no assurance can be given that such licenses can be obtained on acceptable terms or that litigation will not occur, and such licenses and associated litigation could significantly increase our operating expenses. In addition, if we are determined to have or believe there is a high likelihood that we have infringed upon, misappropriated or otherwise violated a third party's intellectual property rights, we may be required to cease making, selling or incorporating certain key components or intellectual property into the products and services we offer, to pay substantial damages and/or royalties, to redesign our products and services, and/or to establish and maintain alternative branding. In addition, to the extent that our customers and business partners become the subject of any allegation or claim regarding the infringement, misappropriation or other violation of intellectual property rights related to our products and services, we may be required to indemnify such customers and business partners. If we were required to take one or more such actions, our business, prospects, operating results and financial condition could be materially and adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

Unpatented proprietary technology, trade secrets, processes and know-how are relied on.

We rely on proprietary information (such as trade secrets, know-how and confidential information) to protect intellectual property that may not be patentable, or that we believe is best protected by means that do not require public disclosure. We expect to protect this proprietary information by entering into confidentiality agreements, or consulting, services or employment agreements that contain non-disclosure and non-use provisions with our employees, consultants, contractors, scientific advisors and third parties. However, there is no guarantee that we will enter into such agreements with each party that has or may have had access to our trade secrets or proprietary information and, even if entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. We will have limited control over the protection of trade secrets used by our third-party manufacturers and suppliers and could lose future trade secret protection if any unauthorized disclosure of such information occurs. In addition, our proprietary information may otherwise become known or be independently developed by our competitors or other third parties. To the extent that our employees, consultants, contractors and other third parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary information could adversely affect our competitive business position. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that trade secret. If any of our trade secrets were to be disclosed (whether lawfully or otherwise) to or independently developed by a competitor or other third party, our business, operating results, and financial condition will be materially and adversely affected.

We utilize open-source software, which may pose particular risks and could be harmful.

We utilize open-source software to develop our products and services. Some open-source software licenses require those who distribute open-source software as part of their own software products to publicly disclose all or part of the source code to such software product or to make available any modifications or derivative works of the open-source code on unfavorable terms or at no cost. This could result in our proprietary software being made available in the source code form and/or licensed to others under open-source licenses, which could allow our competitors or other third parties to use our proprietary software freely without spending the development effort, and which could lead to a loss of the competitive advantage of our proprietary technologies and, as a result, sales of our products and services. The terms of many open-source licenses have not been interpreted by courts, and there is a risk that open-source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services or retain ownership of our proprietary intellectual property. Additionally, we could face claims from third parties claiming ownership of, or demanding release of, the open-source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of, or alleging breach of, the applicable open-source license. These claims could result in litigation and could require us to make our proprietary software source code freely available, purchase a costly license, or cease offering the implicated products or services unless and until our can re-engineer them to avoid breach of the applicable open-source software licenses or potential infringement. This re-engineering process could require us to expend significant additional research and development resources and may not be successful.

Additionally, the use of certain open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties or controls on the origin of software. There is typically no support available for open-source software, the authors of such open-source software may not implement or push updates to address security risks and may abandon further development and maintenance. Many of the risks associated with the use of open-source software, such as the lack of warranties or assurances of title, non-infringement or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. Any of these risks could be difficult to eliminate or manage, and, if not addressed properly, could adversely affect our ownership of proprietary intellectual property, the quality and security of our services and products, or our business, results of operations and financial condition.

We depend on the information systems of our own and those of third parties for the effective delivery and performance of our products and services, and the overall effective and efficient functioning of our business. Failure to maintain or protect our information systems and data integrity effectively could harm our business, financial condition and results of operations.

We depend on our information systems for the effective and efficient functioning of our business, as well as for accounting, data storage, compliance, purchasing and inventory management. Our and our third-party collaborator's information systems may be subject to computer viruses, ransomware or other malware, attacks by computer hackers, failures during the process of upgrading or replacing software, databases or components thereof, damage or interruption from fires or other natural disasters, hardware failures, telecommunication failures and user errors, among other malfunctions and other cyber-attacks. We and our third-party collaborators could be subject to an unintentional event that involves a third-party gaining unauthorized access to our systems, which could disrupt our operations, corrupt our data or result in release of confidential information. Any attempts by cyber attackers to disrupt our or our third-party collaborators' services or systems, if successful, could harm our business, introduce liability to data subjects, result in the misappropriation of funds, be expensive to remedy, subject us to substantial fines, penalties, damages and other liabilities under applicable laws and regulations, lead to a loss of protection of our intellectual property or trade secrets and damage our reputation or brand. Additionally, theft of our intellectual property or proprietary business information could require substantial expenditures to remedy and even then may not be able to be remedied in full. We may have been and going forward will continue to be the target of events of this nature as cybersecurity threats have been rapidly evolving in sophistication and becoming more prevalent in the industry. Third parties upon whom we rely or with whom we have business relationships, including our customers, collaborators, suppliers, and others are subject to similar risks that could potentially have an adverse effect on our business.

In the event we or our third-party collaborators experience significant disruptions, we may, despite having developed emergency plans for security incidents, be unable to repair such systems in an efficient and timely manner. Accordingly, such events may disrupt or reduce the efficiency of our entire operation and harm our business, financial condition and results of operations. Insurance may not be sufficient to cover significant expenses and losses related to cyber-attacks. Our information systems require an ongoing commitment of significant resources to maintain, protect and enhance. Efforts to prevent cyber attackers from entering computer systems are expensive to implement, and we may not be able to cause the implementation or enforcement of such preventions with respect to our third-party vendors. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security and availability of systems and technical infrastructure may, in addition to other losses, harm our reputation, brand and ability to attract customers.

If our products or services are unavailable when our customers and end-users attempt to access them, they may seek other services, which could reduce demand for our solutions. Processes and procedures designed to enable quick recovery from a disaster or catastrophe and continued business operations and with tested capability under controlled circumstances, are in place. However, there are several factors ranging from human error to data corruption that could materially impact the efficacy of such processes and procedures, including by lengthening the time services are partially or fully unavailable to customers and users. It may be difficult or impossible to perform some or all recovery steps and continue normal business operations due to the nature of a particular disaster or catastrophe, especially during peak periods, which could cause additional reputational damages, or loss of revenue, any of which could adversely affect our business and financial results.

Seasonality may cause fluctuations in our revenue.

Because lithium ion batteries used in EVs do not perform as well in low temperatures, the frequency of charging by end-users and the charging transactions completed by our charging station operator customers through our network typically increase during winter, giving rise to a higher revenue being recorded by us. Weather conditions and various other factors may materially and adversely affect our business, financial condition and results of operations in the future.

The obligation to disclose information publicly may put us at a disadvantage to our competitors that are private companies.

As a publicly listed company, we are required to file periodic reports with the SEC upon the occurrence of matters that are material to ourselves and our shareholders. In some cases, we may need to disclose material agreements or results of financial operations that we would not be required to disclose if we were a private company. Our competitors may have access to this information, which would otherwise be confidential. This may give such competitors advantages in competing with us. Similarly, as a U.S.-listed public company, we will be governed by U.S. laws which our non-publicly traded competitors are not required to follow. To the extent compliance with U.S. laws increases our expenses or decreases our competitiveness against such companies, it could affect our results of operations.

Our management team has limited experience managing a public company.

Most members of our management team have limited experience in serving as management of a publicly traded company and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage a public company that is subject to significant regulatory oversight and reporting obligations under the federal securities laws as well as the continuous scrutiny of securities analysts and investors like us. These new obligations and constituents will require significant attention from our management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business and financial performance.

We may face inventory risk.

In connection with our hardware procurement services, we may in the future maintain an inventory of hardware, such as charging piles, and to directly undertake the procurement and sales activities. As a result, we may be exposed to significant inventory risks that may adversely affect our results of operations of due to seasonality, new product launches, rapid changes in product cycles and pricing, defective merchandise, changes in station operator demand and preference and station operator spending patterns, spoilage, and other factors. Demand for charging station hardware products may change between the time inventory or components are ordered and the date of sale. The acquisition of certain types of inventory or components may require significant lead-time and prepayment and they may not be returnable. Any one of the inventory risk factors set forth above may adversely affect our business, financial condition, and results of operations.

Heightened tensions in international relations, particularly between the United States and China, may adversely impact our business, financial condition, and results of operations.

Recently there have been heightened tensions in international relations, particularly between the United States and China, but also as a result of the war in Ukraine and sanctions on Russia. These tensions have affected both diplomatic and economic ties among countries. Heightened tensions could reduce levels of trade, investments, technological exchanges, and other economic activities between the major economies. The existing tensions and any further deterioration in the relationship between the United States and China may have a negative impact on the general, economic, political, and social conditions in both countries and, given our reliance on the Chinese market, adversely impact our business, financial condition, and results of operations.

Acquisitions or strategic investments could be difficult to identify and integrate, divert the attention of key management personnel, disrupt our business, dilute shareholder value and adversely affect our results of operations and financial condition.

As part of the business strategy, NaaS made investments in and we are expected to make acquisitions of, or investments in, businesses, services or technologies that are complementary to our EV charging services. The process of identifying and consummating acquisitions, investments, and the subsequent integration of new assets and businesses into our own business, requires attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired assets or businesses may not generate the expected financial results. Acquisitions or investments could also result in the use of cash, potentially dilutive issuances of equity securities, the occurrence of goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business or investment. We may also incur costs and management time on transactions that are ultimately not completed. In addition, our due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product, technology or investment, including issues related to intellectual property, product quality or product architecture, regulatory compliance practices, revenue recognition or other accounting practices or issues with employees or customers.

Our future acquisitions or investments may not ultimately strengthen our competitive position or achieve our goals and business strategy; we may be subject to claims or liabilities assumed from an acquired company, product, or technology; acquisitions or investments we complete could be viewed negatively by our customers, investors, and securities analysts; and we may incur costs and expenses necessary to address an acquired company's failure to comply with laws and governmental rules and regulations. Additionally, we may be subject to litigation or other claims in connection with the acquired company, including claims from terminated employees, former shareholders or other third parties, which may differ from or be more significant than the risks its business faces. An acquired company may also need to implement or improve its controls, procedures and policies, and we may face associated risks if any of those controls, procedures or policies are insufficiently effective. We may also face retention or cultural challenges associated with integrating employees from the acquired company into our organization. If we are unsuccessful at integrating acquisitions or investments, in a timely manner, our revenue and operating results could be adversely affected. Any integration process may require significant time and resources, which may disrupt our ongoing business and divert management's attention, and we may not be able to manage the integration process successfully or in a timely manner. We may not successfully evaluate or utilize the acquired technology or personnel, realize anticipated synergies from the acquisition or investment, or accurately forecast the financial impact of an acquisition or investment transaction or the related integration of such acquisition or investment, including accounting charges and any potential impairment of goodwill and intangible assets recognized in connection with such transaction. NaaS may have to pay cash, incur debt, or issue equity or equity-linked securities to pay for any acquisitions or investments, each of which could adversely affect our financial condition. Furthermore, the sale of equity or issuance of equity-linked debt to finance any such transaction could result in dilution to our shareholders. The occurrence of any of these risks could harm our business, operating results, and financial condition.

Our business is subject to risks associated with construction, cost overruns and delays, and other contingencies that may arise in the course of completing installations, and such risks may increase in the future as we expand the scope of such services with other parties.

We do not typically install charging stations at customer sites. These installations are typically performed by our partners or electrical contractors with an existing relationship with the customer and/or knowledge of the site. The installation of charging stations at a particular site is generally subject to oversight and regulation in accordance with PRC laws and regulations related to building codes, safety, environmental protection and related matters, and typically requires various local and other governmental approvals and permits. In addition, building codes, accessibility requirements or regulations may hinder EV charger installation because they end up costing the developer or installer more in order to meet the code requirements. Meaningful delays or cost overruns may impact our recognition of revenue in certain cases and/or impact customer relationships, either of which could impact our business and profitability.

Furthermore, we may in the future undertake to construct charging stations or install charging piles at customer sites or manage contractors. Working with contractors may require us to obtain licenses or require us or our charging station operator customers to comply with additional rules, working conditions and other union requirements, which can add costs and complexity to a construction or installation project. In addition, if we or the contractors are unable to provide timely, thorough and quality construction or installation-related services, station operator customers could fall behind their construction schedules leading to liability to us or cause station operator customers to become dissatisfied with the solutions our offers and our overall reputation would be harmed.

Natural disasters, terrorist activities, political unrest, and other outbreaks could disrupt our production, delivery, and operations, which could materially and adversely affect our business, financial condition, and results of operations.

Global pandemics, epidemics in China or elsewhere in the world, or fear of spread of contagious diseases, such as COVID-19, Ebola virus disease, Middle East respiratory syndrome, severe acute respiratory syndrome, H1N1 flu, H7N9 flu, and avian flu, as well as hurricanes, earthquakes, tsunamis, or other natural disasters could disrupt our business operations, reduce or restrict our supply of materials and services, incur significant costs to protect our employees and facilities, or result in regional or global economic distress, which may materially and adversely affect our business, financial condition, and results of operations. Actual or threatened war, terrorist activities, political unrest, civil strife, and other geopolitical uncertainty could have a similar adverse effect on our business, financial condition, and results of operations. Any one or more of these events may impede our production and delivery efforts and adversely affect our sales results, or even for a prolonged period of time, which could materially and adversely affect our business, financial condition, and results of operations.

We are also vulnerable to natural disasters and other calamities. Although we have servers that are hosted in an offsite location, our backup system does not capture data on a real-time basis and we may be unable to recover certain data in the event of a server failure. We cannot assure you that any backup systems 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 interruptions, damage to our property, delays in production, 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 business, financial condition, and results of operations.

Risks Related to Doing Business in China

The PRC government has significant oversight over business operations conducted in China, and may intervene or influence our operations at any time, which could result in a material adverse change in our operations and the value of our ADSs.

The PRC government has significant oversight over business operations conducted in mainland China, Hong Kong and Macau, and the PRC government may intervene and influence our operations at any time, which could result in a material adverse change in our operation and the value of the ADSs. Specifically, the operational risks associated with being based in and having operations in mainland China also apply to operations in Hong Kong and Macau. While entities and businesses in Hong Kong and Macau operate under different sets of laws from mainland China, the legal risks associated with being based in and having operations in mainland China could apply to operations in Hong Kong and Macau, if the laws applicable to mainland China become applicable to entities and businesses in Hong Kong and Macau in the future. As of the date of this Shell Company Report, we have no material operations in Hong Kong and we are of the view that there is currently no laws or regulations in Hong Kong that has a material impact on us.

Also, the PRC government has recently indicated that it may exert more oversight and control over offerings that are conducted overseas by or foreign investment in China-based issuers which may significantly limit or completely hinder our ability to offer or continue to offer securities and cause the value of such securities to significantly decline or be worthless. For example, on July 6, 2021, the relevant PRC government authorities published the Opinions on Strictly Scrutinizing Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. On November 14, 2021, the CAC released the Administrative Regulation on Network Data Security for public comments through December 13, 2021, or the Draft Administrative Regulation on Network Data Security, for public comments, which stipulates, among others, that a prior cybersecurity review is required for the overseas listing of data processors who process over one million users' personal information, and the listing of data processors in Hong Kong which affects or may affect national security. On December 28, 2021, the Chinese government promulgated the 2022 Cybersecurity Review Measures, which came into effect on February 15, 2022. According to the 2022 Cybersecurity Review Measures, (i) critical information infrastructure operators that purchase network products and services and internet platform operators that conduct data processing activities shall be subject to cybersecurity review in accordance with the 2022 Cybersecurity Review Measures if such activities affect or may affect national security; and (ii) internet platform operators holding personal information of more than one million users and seeking to have their securities listed on a stock exchange in a foreign country are required to file for cybersecurity review with the Cybersecurity Review Office.

There is a general lack of official guidance with respect to the implementation and interpretation of the 2022 Cybersecurity Review Measures and the Opinions given the recency of their issuance. It is also uncertain when and in what form will the Draft Regulations be enacted and how they will be interpreted and implemented by the relevant PRC governmental authorities once in effect. As a result, we may be retrospectively required to obtain regulatory approvals from and complete additional procedures with the CSRC, CAC or other PRC governmental authorities for the Mergers and the Transactions. In addition, if the CSRC, CAC or other regulatory agencies subsequently promulgate new rules or regulations that require us to obtain additional approvals or complete additional procedures for the Mergers or the Transactions, or for our listing or offering overseas, such approvals may not be obtained and such procedures may not be completed in a timely manner or at all. Any such circumstance could significantly limit or completely hinder our ability to offer or continue to offer securities and cause the value of such securities to significantly decline or be worthless. In addition, implementation of industry-wide regulations directly targeting our operations could cause the value of the ADSs to significantly decline. Therefore, investors of the ADSs face potential uncertainty from actions taken by the PRC government affecting our business.

Changes in China's economic, political or social conditions, or government policies could materially and adversely affect our business and operations.

Substantially all of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations, and prospects may be influenced to a significant degree by political, economic, and social conditions in China generally and by continued yet slowing economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the 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 resource allocation, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing down in recent years. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could lead to reduction in demand for our services and products and adversely affect our competitive position, and could adversely affect our business and operating results. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the PRC government has implemented certain measures, including interest rate adjustment, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and operating results.

Uncertainties with respect to the PRC legal system could adversely affect us.

We conduct our business primarily through subsidiaries in China. Operations in China are governed by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system 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. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we and our PRC subsidiaries enjoy. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce contractual rights or tort claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions or threats in attempts to extract payments or benefits from us.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention.

The PCAOB had historically been unable to inspect the auditors that issued the audit reports included elsewhere in this Shell Company Report on Form 20-F in relation to their audit work performed for such reports and the inability of the PCAOB to conduct inspections of these auditors in the past has deprived our investors with the benefits of such inspections

The auditors that issued the audit reports included elsewhere in this Shell Company Report on Form 20-F, each as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, are subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess their compliance with the applicable professional standards. Each of these auditors is located in mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of these independent registered public accounting firms' audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we and investors in our ADSs would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and each of our current auditor and the auditors that issued the audit reports included elsewhere in this Shell Company Report on Form 20-F was subject to that determination. In June 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file our annual report on Form 20-F for the fiscal year ended December 31, 2022.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. If our shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

We may be required to obtain additional licenses in relation to our ongoing business operations and may be subject to penalties for failing to obtain certain licenses with respect to our past operations.

We conduct our business in China through our PRC subsidiaries, each of which is required to obtain, and has obtained, a business license and, where applicable, certain additional operating licenses and permits in connection with their operations.

Considering (i) the uncertainties around the interpretation and implementation of PRC laws and regulations and the enforcement practice by relevant government authorities, (ii) the PRC government's ability to intervene in or influence our operations at any time, and (iii) the rapid evolution of PRC laws, regulations, and rules which may be preceded with little or no advance notice, we may be subject to additional licensing requirements, and our conclusion on the status of our licensing compliance may prove to be mistaken. If (i) we do not receive or maintain any permission or approval required of us, (ii) we inadvertently concluded that certain permissions or approvals have been acquired or are not required, or (iii) applicable laws, regulations, or interpretations thereof change and we become subject to the requirement of additional permissions or approvals in the future, we may have to expend significant time and costs to procure them. If we are unable to do so, on commercially reasonable terms, in a timely manner or otherwise, we may become subject to sanctions imposed by the PRC regulatory authorities, which could include fines and penalties, proceedings against us, and other forms of sanctions, and our ability to conduct our business, invest into Mainland China as foreign investments or accept foreign investments, or list on a U.S. or other overseas exchange may be restricted, and our business, reputation, financial condition, and results of operations may be materially and adversely affected.

As an example, the People's Bank of China, or the PBOC, issued the Administrative Measures on Non-Financial Institution Payment Service in June 2010 pursuant to which a non-financial institution offering payment services must obtain a payment business license. The PBOC subsequently issued a notification in November 2017, or the PBOC Notice, relating to the investigation and administration of illegal offering of settlement services by financial institutions and third-party payment service providers to unlicensed entities. As part of NaaS' business operation prior to the Restructuring, end-users were required to make prepayments through *Kuaidian* under certain circumstances, including to initiate certain services through *Kuaidian*. This could potentially have constituted issuance of prepaid cards by NaaS under then prevailing PRC laws and regulations and required a payment business license. In line of market practice, NaaS had previously engaged licensed entities such as third-party payment institutions and commercial bank to provide payment settlement services. However, because there were and remain to be uncertainties with respect to the implementation and interpretation of the applicable laws and as these laws continue to evolve, the PBOC and other governmental authorities may find NaaS' settlement mechanisms to be in violation of the Administrative Measures on Non-Financial Institution Payment Service, the PBOC Notice or other related regulations. If such determination is made, we may be subject to penalties and our businesses and results of operations could be materially and adversely affected.

The approval of and filing with the CSRC or other PRC government authorities may be required retrospectively in connection with the Mergers and the Transactions under PRC law, and, if required, it is uncertain whether such approval can be obtained or filing completed or how long it will take to obtain such approval or complete such filing.

Substantially all of our operations are based in China. We are and will be subject to PRC laws relating to, among others, restrictions over foreign investments and data security. The Chinese government has recently sought to exert more control and impose more restrictions on China-based companies raising capital offshore and such efforts may continue or intensify in the future. The Chinese government's exertion of more control over overseas listing of, offerings conducted overseas by and/or foreign investment in China-based companies could retrospectively affect the Mergers and result in a material change in our operations, significantly limit or completely hinder our abilities to offer or continue to offer securities to foreign investors, and cause the value of ADSs to significantly decline or be worthless.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, requires an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC persons or entities to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear, and the Mergers and the Transactions may ultimately require approval of the CSRC. If it is determined that the CSRC approval is required retrospectively for the Mergers or the Transactions, it is uncertain whether we can or how long we will take to obtain the approval and, even if such CSRC approval is obtained, the approval could be rescinded. Any failure to obtain or delay in obtaining the CSRC approval for the Mergers and the Transactions, or a rescission of such approval if obtained, could subject us to sanctions imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations, restrictions or limitations on our abilities to pay dividends outside of China, and other forms of sanctions that may materially and adversely affect their business, financial condition, and results of operations.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC published the Overseas Listing Measures which will take effect on March 31, 2023. Under the Overseas Listing Measures, a filing-based regulatory system will be applied to "indirect overseas offerings and listings" of companies in mainland China, which refers to securities offerings and listings in an overseas market made under the name of an offshore entity but based on the underlying equity, assets, earnings or other similar rights of a company in mainland China that operates its main business in mainland China. The Overseas Listing Measures states that, any post-listing follow-on offering by an issuer in an overseas market, including issuance of shares, convertible notes and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering. Therefore, any of our future offering and listing of our securities in an overseas market may be subject to the filing requirements under the Overseas Listing Measures. In connection with the Overseas Listing Measures, on February 17, 2023 the CSRC also published the Notice on Overseas Listing Measures. According to the Notice on Overseas Listing Measures, issuers that have already been listed in an overseas market by March 31, 2023, the date the Overseas Listing Measures will become effective, are not required to make any immediate filing and are only required to comply with the filing requirements under the Overseas Listing Measures when it subsequently seeks to conduct a follow-on offering.

On December 27, 2021, the NDRC and the Ministry of Finance, or the MOC, jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version), or the 2021 Negative List, which became effective on January 1, 2022. Pursuant to the 2021 Negative List, if a PRC domestic company, which engages in any prohibited business set out in the list, seeks an overseas offering or listing, it must first obtain the approval from the competent governmental authorities. In addition, the foreign investors in such company must not be involved in its operation or management, and their ownership interest should be subject to limitations imposed under regulations on investments in domestic securities by foreign investors. Because the 2021 Negative List is recently issued, there remain substantial uncertainties as to the interpretation and implementation of these new requirements, and it is unclear as to whether and to what extent we will be subject to these new requirements. If we are required to comply with these requirements but fail to do so on a timely basis if at all, our business operation, financial conditions and business prospect may be adversely and materially affected.

In addition, there is no assurance that new rules or regulations promulgated in the future will not impose additional requirements on us, including with respect to the Mergers and the Transactions. If it is determined in the future that approval and filing from the CSRC or other regulatory authorities or other procedures, including the cybersecurity review under the 2022 Cybersecurity Review Measures and the Draft Administrative Regulations on Network Data Security, are required for the Mergers or Transactions, on a retrospective basis, it is uncertain whether such approval can be obtained or filing procedures completed, or how long it will take to obtain such approval or complete such filing procedures. Any failure to obtain such approval or complete such filing procedures or any delay in obtaining such approval or completing such filing procedures for the Mergers or Transactions, or a rescission of any such approval if obtained, would subject us to sanctions by the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in China, limit our abilities to carry out business operations in China or pay dividends outside China, delay or restrict the repatriation of our offshore funds into China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of the ADSs. The CSRC and other PRC regulatory authorities may also order us, or make it advisable for us, to unwind or reverse the Mergers and the Transactions. In addition, if the CSRC or other regulatory authorities in China subsequently promulgate new rules or issue directives requiring that we obtain additional approvals or complete additional filing or other regulatory procedures for our prior offerings overseas, there is no assurance that we will be able to comply with these requirements and may not be able to obtain any waiver of such requirements, if and when procedures are established to obtain such a waiver. Any of the foregoing could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of our listed securities.

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

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

Under PRC laws and regulations, our wholly foreign-owned subsidiaries in China may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a PRC enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. The funds in mainland China or in our PRC subsidiaries may not be available to fund operations or for other use outside of mainland China due to interventions in or the imposition of restrictions and limitations by the PRC government on our or our subsidiaries' ability to transfer cash. Although currently there are no equivalent or similar restrictions or limitations in Hong Kong on cash transfers in, or out of, Hong Kong or our Hong Kong subsidiaries, if certain restrictions or limitations in mainland China were to become applicable to cash transfers in and out of Hong Kong or our Hong Kong subsidiaries in the future, the funds in Hong Kong or our Hong Kong subsidiaries, likewise, may not be available to fund operations or for other use outside of Hong Kong. Therefore, to the extent cash in our business is in mainland China or Hong Kong or our mainland China subsidiaries or Hong Kong subsidiaries, the funds may not be available to fund operations or for other use outside of mainland China or Hong Kong due to interventions in or the imposition of restrictions and limitations by the PRC government on our ability to transfer cash.

Cash transfers from our Hong Kong subsidiaries to NaaS Technology Inc. or our offshore subsidiaries are subject to tax obligations imposed by Hong Kong laws to the extent applicable.

Our holding company structure involves unique risks to investors. If in the future we were to amend our operating structure to use any VIE again for our operations in China or if PRC regulatory authorities were to disallow our holding company structure, additional risks and uncertainties will be involved.

NaaS Technology Inc. is not an operating company but a Cayman Islands holding company and our operations are primarily conducted through our PRC subsidiaries. PRC regulatory authorities could disallow this holding company structure.

We do not have any VIE and we conduct our operations in China through our subsidiaries following the completion of the Restructuring. If in the future we were to amend our operating structure to use any VIE again for our operations in China, the PRC government could disallow this structure or find the contractual arrangement that we may adopt to establish a VIE structure to be non-compliant with PRC regulations relating to the relevant industries and as a result we could be subject to severe penalties.

There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules relating to a VIE structure and it is uncertain whether any new PRC laws or regulations in this respect will be adopted or if adopted, what they would provide. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated variable interest entity should be interpreted or enforced under PRC law.

If our current holding company structure is disallowed by PRC regulatory authorities or if we were to adopt a VIE structure in the future and if we or any VIE that we may establish were to be found in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC governmental authorities would have broad discretion to take action in dealing with such violations or failures, including:

- revoking the business licenses and/or operating licenses of the relevant entities;
- imposing fines on the relevant entities;
- confiscating the income of the relevant entities that is deemed to be obtained through illegal operations;
- discontinuing or placing restrictions or onerous conditions on the operations of the relevant entities;
- placing restrictions on the right to collect revenues of the relevant entities;
- shutting down the servers or blocking the app/websites of the relevant entities; or
- requiring the relevant entity to restructure its ownership structure or operations.

Any of these actions could cause significant disruption to our business operations, severely damage our reputation, and have a material adverse effect on our financial condition and results of operations, which, in turn, would likely result in a material change in our operations and in the value of our securities and could cause the value of our securities to significantly decline or become worthless.

In addition, if we were to adopt a VIE structure for our operations in China in the future, we will have to rely on contractual arrangements with the VIE and its shareholders for the conduct of such operations. These contractual arrangements, however, may not be as effective as direct ownership in the VIE. If we were to have direct ownership of the VIE, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the VIE, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. On the other hand, under contractual arrangements, we will have to rely on the performance by the VIE and its shareholders of their contractual obligations in order to exercise control over the VIE. The VIE and its shareholders could breach their contractual arrangements with us by, among other things, failing to conduct the operations of the VIE in an acceptable manner or taking other actions that are detrimental to our interests. To the extent there will be any dispute relating to these contracts, we may have to incur substantial costs and expend additional resources to enforce such arrangements through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under PRC law.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to our PRC subsidiaries or making additional capital contributions to our wholly foreign-owned subsidiaries in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. We may make loans to our PRC subsidiaries subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to our wholly foreign-owned subsidiaries in China.

Any loans to our wholly foreign-owned subsidiaries in China, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to any of our wholly foreign-owned subsidiaries in China to finance its activities cannot exceed statutory limits, i.e., the difference between its total amount of investment and its registered capital, or certain amount calculated based on elements including capital or net assets, the cross-border financing leverage ratio and the macro prudential coefficient (“Macro-prudential Management Mode”) under relevant PRC laws and the loans must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE, or filed with SAFE in its information system. According to the Circular of the People’s Bank of China and the State Administration of Foreign Exchange on Adjusting the Macro-prudent Adjustment Parameter for Cross-border Financing issued on January 7, 2021, the limit for the total amount of foreign debt under the Macro-prudential Management Mode is adjusted to two times of our subsidiary’s net assets.

Moreover, any medium or long-term loan to be provided by us to our PRC subsidiaries must also be registered with the NDRC.

We may also decide to finance our wholly foreign-owned subsidiaries in China by means of capital contributions. These capital contributions shall go through record-filing procedures from competent administration for market regulation. SAFE issued the Circular on the Management Concerning the Reform of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which took effect on June 1, 2015. SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC provided that such usage shall fall into the scope of business of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. In addition, SAFE promulgated the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment on October 23, 2019, or SAFE Circular 28, pursuant to which all foreign-invested enterprises can make equity investments in China with their capital funds in accordance with the law. The Circular Regarding Further Optimizing the Cross-border RMB Policy to Support the Stabilization of Foreign Trade and Foreign Investment jointly promulgated by the People’s Bank of China, NDRC, MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the China Banking and Insurance Regulatory Commission and SAFE on December 31, 2020 and effective on February 4, 2021 allows the non-investment foreign-invested enterprises to make domestic reinvestment with RMB capital in accordance with the law on the premise that they comply with prevailing regulations and the invested projects in China are authentic and compliant. In addition, if a foreign-invested enterprise uses RMB income under capital accounts to conduct domestic reinvestment, the invested enterprise is not required to open a special deposit account for RMB capital.

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

There are uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by our non-PRC holding companies.

Pursuant to the Circular on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or SAT Circular 698, issued by the SAT in 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (a) has an effective tax rate less than 12.5% or (b) does not tax foreign income of its residents, the non-resident enterprise, being the transferor, must report the Indirect Transfer to the competent tax authority of the PRC resident enterprise.

On February 3, 2015, the SAT issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises, or SAT Public Notice 7. SAT Public Notice 7 supersedes certain rules with respect to the Indirect Transfer under SAT Circular 698 but does not touch upon the other provisions of SAT Circular 698, which remain in force. SAT Public Notice 7 has introduced a new tax regime that is significantly different from the previous one contemplated under SAT Circular 698. SAT Public Notice 7 extends its tax jurisdiction to not only Indirect Transfers set forth under SAT Circular 698 but also transactions involving transfer of other taxable assets through the offshore transfer of a foreign intermediate holding company. In addition, SAT Public Notice 7 provides clearer criteria than SAT Circular 698 for assessment of reasonable commercial purposes and has introduced safe harbors for internal restructurings of group companies and the purchase and sale of equity through a public securities market. SAT Public Notice 7 also brings challenges to both foreign transferors and transferees (or other person who is obligated to pay for the transfer) of taxable assets. Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which will be deemed as an Indirect Transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from the relevant Indirect Transfer may be subject to PRC enterprise income tax, and the transferor will be subject to the obligation to withhold applicable taxes, currently at a rate of 10%.

On October 17, 2017, SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Bulletin 37, which became effective on December 1, 2017 and abolished SAT Circular 698 as well as certain provisions in SAT Circular 7. The SAT Bulletin 37 further clarifies the practice and procedure for the withholding of non-resident enterprise income tax. Pursuant to SAT Bulletin 37, where the party responsible to withhold such income tax did not or was unable to withhold, and the non-resident enterprise receiving such income failed to declare and pay the taxes that should have been withheld to the relevant tax authority, both parties may be subject to penalties.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, including the Mergers and the Transactions. We may be subject to filing obligations or taxed or subject to withholding obligations with respect to such transactions, under SAT Public Notice 7 and SAT Bulletin 37. For transfers of shares in us by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Public Notice 7 and SAT Bulletin 37. As a result, we may be required to expend valuable resources to comply with SAT Public Notice 7 and SAT Bulletin 37 or to request the relevant transferors from whom our purchase taxable assets to comply with these circulars, or to establish that our should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

It is unclear whether we will be considered a PRC “resident enterprise” under the PRC Enterprise Income Tax Law and, depending on the determination of our PRC “resident enterprise” status, our global income may be subject to the 25% PRC enterprise income tax, which could materially and adversely affect our results of operations.

Under the PRC Enterprise Income Tax Law, which became effective in January 2008 and was amended on February 24, 2017 and December 29, 2018, and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within China is considered a PRC resident enterprise and will be subject to enterprise income tax at the rate of 25% on its global income. The implementation rules of the PRC Enterprise Income Tax Law define the term “de facto management bodies” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc., of an enterprise.” On April 22, 2009, STA issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or STA Circular 82, which was partially amended by Announcement on Issues concerning the Determination of Resident Enterprises Based on the Standards of Actual Management Institutions issued by STA on January 29, 2014, and further partially amended by Decision on Issuing the Lists of Invalid and Abolished Tax Departmental Rules and Taxation Normative Documents issued by STA on December 29, 2017. STA Circular 82, as amended, provides certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled offshore-incorporated enterprise is located in China. Further, STA Circular 82 states that certain Chinese-controlled enterprises will be classified as “resident enterprises” if the following are located or resident in China: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings; and half or more of the senior management or directors having voting rights. In addition, STA issued the Bulletin on Promulgation of the Administrative Measures for Income Tax of Chinese-Controlled Offshore-Incorporated Resident Enterprises (Trial Implementation) on July 27, 2011, effective from September 1, 2011 and partially amended on April 17, 2015, June 28, 2016, and June 15, 2018, or STA Bulletin 45, providing more guidance on the implementation of STA Circular 82. STA Bulletin 45 clarifies matters including resident status determination, post-determination administration and competent tax authorities. See “Item 4.B. Information on the Company—Business Overview—Regulations—Regulations Related to Tax—Enterprise Income Tax.” Although both STA Circular 82 and STA Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the determining criteria set forth in STA Circular 82 and STA Bulletin 45 may reflect STA’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals. In addition to the uncertainty regarding how the new resident enterprise classification may apply, it is also possible that the rules may change in the future, possibly with retroactive effect. Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises, it is possible that the PRC tax authorities could reach a different conclusion. In such case, we may be considered a PRC resident enterprise and may therefore be subject to enterprise income tax at 25% on our global income as well as PRC enterprise income tax reporting obligations. If we are considered a PRC resident enterprise and earn income other than dividends from our PRC subsidiaries, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

Certain transactions completed as part of the Restructuring may not have received the necessary approval.

According to the M&A Rules, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition should be subject to the examination and approval of the MOFCOM. NaaS’ acquisition of 100% equity interests in Kuaidian Power Beijing in April 2022 through Anji Zhidian as part of the Restructuring could have fallen within the ambit of the M&A Rules and required the prior approval of the MOFCOM. No such approval had been applied for or obtained and the acquisition could be deemed invalid.

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

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to these plans based on the salaries, including bonuses and allowances, of the relevant employees subject to any maximum amount of contribution specified by local authorities from time to time. This has however not been implemented consistently by local authorities. Certain of our subsidiaries in China have not made adequate employee benefit payments, and as a result, we may be required to make up for the contributions due and to pay late fees and fines.

It may be difficult for overseas regulators to conduct investigation or collect evidence within China.

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although PRC government authorities may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests.

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

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to 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. We and our directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted restricted shares, restricted share units or options are subject to these regulations. Failure to complete the SAFE registrations may result in fines and legal sanctions and may also limit our ability to contribute additional capital into our subsidiaries in China and limit these subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors and employees under PRC law.

Risks Related to Our ADSs

Our multi-class share structure with different voting rights will significantly limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of the Class A ordinary shares and the ADSs may view as beneficial.

Our authorized and issued ordinary shares are divided into Class A ordinary shares, Class B ordinary shares and Class C ordinary shares. In respect of matters requiring the votes of our shareholders, holders of Class A ordinary shares, Class B ordinary shares and Class C ordinary shares vote together as one class, and holders of Class A ordinary shares are entitled to one vote per share while holders of Class B ordinary shares and Class C ordinary shares are entitled to ten votes per share and two votes per share, respectively. Each Class B ordinary share and each Class C ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary share or Class C ordinary shares under any circumstances. Our currently effective amended and restated memorandum and articles of association prohibits any Class B ordinary shares held by Newlink from being disposed of or otherwise transferred to any person other than to Mr. Zhen Dai and persons affiliated with him. Currently effective amended and restated memorandum and articles of association also requires any Class B ordinary shares or Class C ordinary shares to be automatically converted into Class A ordinary shares upon a transfer of such Class B ordinary shares or Class C ordinary shares to any person other than to Mr. Zhen Dai and persons affiliated with him.

As of the date of this Shell Company Report on Form 20-F, Newlink beneficially owns 248,888,073 Class B ordinary shares and 1,398,659,699 Class C ordinary shares, which account for an aggregate of 90.6% of the voting power represented by all our issued and outstanding shares. As a result, Newlink will have the power to control all matters submitted to our shareholders for approval, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets and all other major corporate transactions. Mr. Zhen Dai, as the chairman of the board of directors and chief executive officer of Newlink, is expected to be able to exercise, through Newlink, significant influence and vote power over matters submitted to our shareholders for approval. In addition, Newlink may choose to distribute all or any of our ordinary shares to Newlink's shareholders. By way of example, a distribution of 100% of our ordinary shares owned by Newlink to its shareholders will result in all issued and outstanding Class C ordinary shares being converted into Class A ordinary shares and all issued and outstanding Class B ordinary shares being held by Mr. Zhen Dai or his affiliates, and those Class B ordinary shares are expected to account for approximately 56.6% of the voting power represented by all our issued and outstanding shares, giving Mr. Zhen Dai the direct power to control all matters submitted to our shareholders for approval.

Each of Newlink and Mr. Zhen Dai may have interests that differ from the interests of our other shareholders and may vote its Class B ordinary shares and/or Class C ordinary shares in ways with which other shareholders may disagree or which may be adverse to such other shareholders' interests. The concentrated control over us will likely exist regardless of whether and to what extent Newlink distributes to its shareholders any ordinary shares, and will have the effect of delaying, preventing or deterring a change in control of us, could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of us, and could have a negative effect on the market price of our ordinary shares or the ADSs.

The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.

The trading price of the ADSs has fluctuated significantly and will continue to be volatile and could fluctuate widely. Many factors that are beyond our control may materially adversely affect the market price and marketability of the ADSs and our ability to raise capital through equity financings. These factors include the following:

- regulatory developments affecting us or our industry;
- variations in our revenues, earnings, cash flow and data related to our operations;
- changes in market condition, market potential and competitive landscape;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- fluctuations in global and Chinese economies;
- changes in financial estimates by securities analysts;
- adverse publicity about us or our industry;
- additions or departures of key personnel and senior management;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- potential litigation or regulatory investigations.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, it may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

We are a "controlled company" within the meaning of the Nasdaq Stock Market Rules, and as a result, may rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.

Newlink has the right to vote 90.6% of our ordinary shares. As a result, we are considered a "controlled company" as defined under the Nasdaq Stock Market Rules as set forth in Listing Rule 5605(b), because Newlink owns more than 50% of our total voting power. For so long as we remain a controlled company, we will be permitted to elect to rely, and may rely, on certain exemptions from corporate governance rules, including an exemption from the rule that a majority of our board of directors must be independent directors or that we have to establish a nominating committee and a compensation committee composed entirely of independent directors. As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

We will not pay dividends for the foreseeable future, you must rely on price appreciation of the ADSs for return on your investment.

We intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, you may only receive a return on your investment in the ADSs if the market price of the ADSs increases.

Substantial future sales or perceived sales of the ordinary shares or ADSs in the public market could cause the price of the ADSs to decline.

Sales of the ordinary shares or ADSs, either in the public market or through private placement, or the perception that these sales could occur, could cause the market price of the ADSs to decline. It cannot be predicted what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of the ADSs.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings, and you may not receive cash dividends if it is impractical to make them available to you.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause a registration statement, if filed, to be declared effective. There might not be an exemption from registration under the Securities Act available to us for our rights offering. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property to you.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or government body, or under any provision of the deposit agreement, or for any other reason.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands with limited liability. Our corporate affairs are governed by our memorandum and articles of association as may be amended from time to time, the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against us and our directors, actions by minority shareholders and the fiduciary duties of our directors under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the English common law, which are generally of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a different body of securities laws than the United States, and provide significantly less protection to investors. In addition, Cayman Islands companies may not have the standing to initiate a shareholder derivative action in a federal court of the United States. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will in certain circumstances, recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than our memorandum and articles of association, the register of mortgages and charges, and copies of any special resolutions passed by our shareholders) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our currently effective memorandum and articles of association, to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder resolution or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands differ significantly from requirements for companies incorporated in other jurisdictions such as the U.S. If we choose to follow our home country practice in the future, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, public shareholders may have greater difficulty in protecting their interests in the face of actions taken by our management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

Our corporate structure, together with applicable law, may impede our shareholders from asserting claims against us and our principals.

Most of our operations and records, and most of our senior management are located in China. Shareholders of companies such as us have limited ability to assert and collect on claims in litigation against our PRC subsidiaries and their principals. In addition, China has very restrictive secrecy laws that prohibit the delivery of many of the financial records maintained by a business located in China to third parties absent PRC government's approval. Since discovery is an important part of proving a claim in litigation, and since most if not all of our records will be in China, PRC secrecy laws could frustrate efforts to prove a claim against us or our management. In addition, in order to commence litigation in the United States against an individual such as an officer or director, that individual must be served. Generally, service requires the cooperation of the country in which a defendant resides. China has a history of failing to cooperate in efforts to affect such service upon PRC citizens in China.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for the ADS and trading volume could decline.

The trading market for the ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who cover us downgrade the ADSs or publish inaccurate or unfavorable research about our business, the market price for the ADSs would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our ordinary shares to decline.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

We qualify as a foreign private issuer under the Exchange Act, and exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD promulgated by SEC.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. However, the information we are required to file with or furnish to the SEC are less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

We are subject to risks related to the restatement of NaaS' financial statements for the years ended December 31, 2020 and 2021 and the pro forma information for the year ended December 31, 2021.

We have amended and restated (i) the combined financial statements of NaaS as of and for the years ended December 31, 2020, and 2021, together with the notes thereto, and (ii) the pro forma condensed combined statement as of and for the year ended December 31, 2021, together with the notes thereto, each as included in the Shell Company Report on Form 20-F originally filed by the Company on June 16, 2022, to correct the presentation of revenues to be consistent with our recognition and measurement policy for each class of revenues and to reflect certain other adjustments that we found necessary (the "Restatement").

We may receive additional inquiries from regulatory authorities regarding the Restatement. We and our current and former directors and officers may be subject to future claims, investigations or proceedings arising from the Restatement. Any future inquiries from the SEC or other regulatory authorities, or future claims or proceedings as a result of the Restatement will, regardless of the outcome, likely consume a significant amount of our internal resources and result in additional costs. In addition, we may be the subject of negative publicity focusing on the Restatement and adjustment of NaaS' financial statements, and we may be adversely impacted by negative reactions from our customers or others with whom we do business, including negative perceptions of or concerns over our internal control. Such adverse publicity and potential reactions from customers and other business partners could harm our business and have an adverse effect on our financial condition.

In connection with the audit of certain financial statements included in this Shell Company Report on 20-F, one material weakness in NaaS' internal control over financial reporting has been identified. If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.

In connection with the audit of the restated combined financial statements of NaaS as of and for the years ended December 31, 2020 and 2021, one material weakness in NaaS' internal control over financial reporting has been identified. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, or PCAOB, a "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified is that NaaS lacks sufficient financial reporting and accounting personnel with appropriate knowledge of IFRS and the SEC reporting requirements to properly address complex IFRS accounting issues and related disclosures in accordance with IFRS and financial reporting requirements set forth by the SEC. The material weakness has led to the restatement of combined financial statements of NaaS as of and for the years ended December 31, 2020 and 2021 and if not remediated timely, may lead to material misstatements in our consolidated financial statements in the future. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control under the Sarbanes-Oxley Act for purpose of identifying and reporting any material weaknesses in our internal control over financial reporting. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm been required to perform an audit of our internal control over financial reporting, additional deficiencies may have been identified. Our failure to correct any material weaknesses or our failure to discover and address any other material weaknesses or significant deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

Furthermore, it is possible that, had our independent registered public accounting firm conducted an audit of our internal control over financial reporting, it may have identified additional material weaknesses and significant deficiencies. We are subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, as we are now a public company, our reporting obligations have required additional attention from our management, operational and financial resources and systems. We may be unable to timely complete our evaluation and testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other material weaknesses and significant deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our consolidated financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our consolidated financial statements for prior periods.

There can be no assurance that we will not be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our ADSs or Class A ordinary shares.

A non-U.S. corporation, such as our company, will be classified as a passive foreign investment company, or PFIC, for any taxable year if either (i) at least 75% of its gross income for such year consists of certain types of “passive” income (the “income test”); or (ii) at least 50% of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce passive income or are held for the production of passive income (the “asset test”). Based on the current and anticipated value of our assets and composition of our income and assets, we do not expect to be a PFIC for 2022 or the foreseeable future.

While we do not expect to be or become a PFIC, no assurance can be given in this regard because the determination of whether we are or will become a PFIC for any taxable year is a fact-intensive inquiry made on an annual basis that depends, in part, upon the composition and classification of our income and assets. Fluctuations in the market prices of our ADSs and Class A ordinary shares may cause us to be or become a PFIC for the current or subsequent taxable years because the value of our assets for the purpose of the asset test, including the value of our goodwill and other unbooked intangibles, may be determined by reference to the market price of our ADSs from time to time (which may be volatile). The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets.

If we were to be or become a PFIC for any taxable year during which a U.S. Holder (as defined in “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations”) holds our ADSs or Class A ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. See “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

Item 4. Information on the Company

B. Business Overview

Overview

We are one of the largest and fastest growing EV charging service providers in China. Our vision is to power the world with carbon neutral energy. NaaS’ EV charging services began in 2019, and we have established and maintain the largest EV charging network in China in terms of the charging volume transacted through our charging network for third-party charging station operators, and in terms of the number of public DCFCs connected to our network, according to CIC. We believe we are capable of maintaining our leadership position in the booming Chinese market and we are well positioned to capitalize on our sustainable first mover advantages and success in China to become a global leader in EV charging services.

We have adopted an asset-light business model that allows for accelerated expansion and growth. We offer a comprehensive suite of EV charging solutions that mainly serves charging station operators, charger manufacturers, EV OEMs and end-users, and also benefits other stakeholders along the EV charging industry value chain:

- **Online EV Charging Solutions.** We provide an integrated set of online solutions to charging station operators. We offer effective mobility connectivity services through *Kuaidian*, which is operated by a third party service provider, that boosts the visibility of charging stations and charging piles and connects end-users with suitable charging infrastructure. We also provide other online solutions, including SaaS products that digitalize and upgrade key aspects of the operations and the management of charging stations.
- **Offline EV Charging Solutions.** We offer a wide range of offline services that simplify the daily operations of charging station operators, ranging from hardware procurement, electricity procurement, station maintenance, to customer support and more. We also provide end-to-end supply chain services to station operators, and have proven to be an effective marketing and distribution channel for our partner charger manufacturers, through which hardware sales are made.
- **Non-Charging Services.** We have pioneered the introduction of non-charging services (such as food and beverage services) to station operators to help them generate diversified revenue streams, and create a new charging experience for end-users.

As of June 30, 2022, NaaS' charging solutions have benefited more than 980 charging station operators and over 44,000 charging stations. We have established and we are maintaining the largest charging network in China in terms of the number of public DCFCs, according to CIC. As of June 30, 2022, NaaS' connected chargers had penetrated into 309 cities. More than 80% of the chargers accessible on our network are DCFCs. More than 1,276 GWh of charging volume was transacted through NaaS' network in 2021, including through the *Kuaidian* platform, full station operation and SaaS products. This represents 18% of all charging volume completed through public chargers in China in 2021, according to CIC. NaaS recorded a DCFC coverage rate of 61.8% over all public DCFCs in China in 2021. The total value of all charging pile sold through NaaS' network reached US\$8 million in 2021.

We primarily operate in China which, according to CIC, is the largest EV sales and public charging market in the world, and also one of the fastest growing. China has been at the forefront of electric mobility. It is making a nation-wide transition towards electrification, and the PRC government has offered extensive support and incentives. China's charging network has seen a corresponding rate of growth with the rapid adoption of EVs and is expected to continue to expand as the adoption of EV continues in China. The China EV charging market has certain unique characteristics. In particular, demand for public charging infrastructure is very high relative to other markets due to the scarcity of private or residential charging facilities. The lack of home or private charging infrastructure exists for several reasons:

- **Scarcity of private parking spaces.** China's urban population density is high, especially for the relatively more developed regions of the country, which also tend to have higher EV adoption rates. Private parking spaces are limited, and a home garage is a rarity in these cities, making public charging stations the most viable form of charging available. In addition, according to CIC, less than 50% of all EVs in China were paired with private charging facilities at the end of 2021.
- **Constraints in grid capacity and difficulty in changing infrastructure in residential areas.** The adoption of private charging is also hobbled by governmental restrictions on electricity usage as well as grid limitations. There are also substantial challenges in upgrading or modifying the existing grid system of an existing residential area for EV charging.
- **Community objections to the installation of private charging facilities.** Installation of private charging facilities faces specific challenges in densely populated and residential areas. Communities may express reservations about having private charging infrastructure built in their residential neighborhoods, and the high urban density in China also heightens the safety concerns over the presence of private EV charging and electricity equipment around densely populated residential areas.

These factors make private residential charging less attractive and less achievable in China but in turn create an enormous market for public charging in China. The increasing dominance of public charging also has implications for consumer behavior. As end-users cannot simply park their EVs and leave their EVs completely unattended, end-users in China will tend to wait at the charging station or in the vicinity during the charging session. According to CIC, the average time required for a charging session is approximately 60 to 90 minutes, which corresponds to the average vehicle parking time and the waiting time of end-users at the charging stations. The consequence of this is that the Chinese market has exhibited a general preference towards faster charging so as to reduce the wait time for end-users. As a result, the scale and speed of construction of DCFCs in China have grown rapidly in recent years. The relatively long waiting times for public charging services also provides a potentially substantial opportunity for charging station operators to offer additional and ancillary products and services to end-users, and to transform and enhance the end-user charging experience.

To cater to the unique characteristics of the Chinese market and to address the pain points that have negatively impacted China's EV charging ecosystem, we have developed a comprehensive set of solutions and pioneered a distinct business model that benefits charging station operators, end-users, charger manufacturers, EV OEMs, and other participants along the EV charging industry value chain in China.

We are committed to product and service innovations and have continued to expand our offerings throughout our history. NaaS launched its mobility connectivity services in 2019. Full station operation commenced in June 2020 and non-charging services were launched one month later. NaaS began to provide hardware procurement services in July 2020, and electricity procurement services in October 2020. NaaS further added SaaS products and services targeting EVs and station operation and maintenance to its portfolio of solutions in 2021.

We are committed to decarbonization and the building of a green and sustainable future. We believe in clean energy and we are facilitating the adoption of EVs through the deployment and operation of EV charging infrastructure, allowing for the reduction of greenhouse gas emissions caused by traditional vehicles. As certified by SGS, an independent Swiss testing agency, NaaS helped reduce carbon emissions by approximately 1,848,000 tons in 2022. We will continue our efforts to reduce the carbon footprint of transportation by offering compelling EV charging solutions.

Our EV Charging Solutions

We offer a comprehensive suite of charging solutions – including online and offline management and operational support as well as services related to non-charging services – that are tailored for the unique demands of the Chinese market. Our product and service offerings fall into three main categories:

- online EV charging solutions;
- offline EV charging solutions; and
- services related to non-charging businesses.

As part of our online EV charging solutions, our mobility connectivity services provide effective integrated solutions to charging station operators and connect end-users with suitable charging infrastructure in their vicinity through *Kuaidian* which is operated by a third party service provider. Our other operational solutions primarily service station operators and owners, providing guidance and support through every stage of the station lifecycle. As the largest EV charging service provider in China according to CIC, we are backed by significant operational expertise, knowledge of industry best practices, and experience with standardized charging services. The integration of our online and offline service capabilities ensures that we are capable of providing hardware-integrated operation solutions that synthesizes IoT devices into management software to enable turn-key development for charging stations and automating business processes. We enable charging station operators to intelligently deploy EV charging infrastructure at commercial, retail, and public locations as well as multi-unit residential buildings. Our insights enable charging station operators to optimize their charging network density. In addition, we can assist charging station operators in station design and decoration, and also enable hardware, furniture and fixtures, and electricity procurement with discounted prices. Our services also extend to after the opening of the station, and include management and operational support for charging stations, including maintenance and customer support.

Online EV Charging Solutions

We offer a comprehensive set of online EV charging solutions. Our mobility connectivity services provides integrated online EV charging solutions to charging station operators and enable a frictionless and hassle-free charging experience for end-users through *Kuaidian*. We provide SaaS products to support charging station operators with the management of key aspects of their stations' daily operations. We empower station operators to increase customer acquisition, streamline operational processes and critical business tasks, allowing them to better control operating costs, create new business opportunities and ultimately enhance their overall efficiency and profitability.

Mobility Connectivity Services

Our mobility connectivity services increase the visibility of charging stations and charging piles and provides channels for charging station operators to gain access to end-users through *Kuaidian* which is operated by a third party service provider. At the same time, end-users benefit from the vast number of charging stations and charging piles on our network which support multiple EV brands and models, and charging options.

We provide a centralized and single reliable source of charging station information, where numerous charging stations and charging piles are networked and presented at the fingertip of end-users through *Kuaidian*. This improves user awareness of different stations and provides additional traffic for station operators, while also increasing the utilization rate of their charging facilities. Simultaneously this also enables an easier charging experience for end-users, which in turn also improves EV user satisfaction rates, and potentially increases sales for EV OEMs.

Charging piles and stations can be difficult to locate given their low visibility and the tendency of chargers to be located in less visibly prominent areas. This difficulty is exacerbated when a driver seeks charging facilities in areas that he or she is less familiar with. Even when this first hurdle is overcome and a driver successfully locates a charging pile, often the charger located maybe malfunctioning or non-operational. Identifying a properly working charger with a compatible user interface and back-end software can be difficult, frustrating and time consuming, all of which creates a negative EV user experience. Another complexity in the EV charging market is that different EV brands and models in the Chinese market require different APPs to initiate charging sessions. As a result, different charging station operators are typically accessible only through different APPs, requiring users to download and switch between multiple APPs to be able to access more charging options.

As of June 30, 2022, NaaS had over 980 charging station operators on its network covering 440,000 chargers. More than 80% of the chargers accessible on our network are DCFCs.

As more station operators join our charging network, the additional charging stations will attract a growing number of end-users to our services. The access to more end-users then translates into greater potential for us to create more value for station operators, thereby attracting more station operators to our ecosystem. This creates a positive network effect and fosters a virtuous cycle for the betterment of our mobility connectivity services.

Other Services

We also provide other online solutions, including SaaS products, that extend to traffic support and management, marketing, payment, charging piles management, order management, load management, and membership management. We also provide phone support to both site hosts and end-users.

We are also working with certain EV OEMs to provide functions and applications within the pre-installed software of their EVs, which is expected to further enhance and simplify the charging experience for end-users, helping to generate additional EV sales for partnering EV OEMs by enhancing the charging experience and addressing one of the major pain points of EV owners.

Offline EV Charging Solutions

We support charging station operators with their hardware and electricity procurement, and maintain a comprehensive suite of offline operation solutions that addresses the needs of station operators' daily operations, as well as solutions for the maintenance and upkeep of charging infrastructure, helping station operators improve their operational efficiency and increase profitability.

Hardware Procurement

We help charging station operators with their procurement requirements. We procure suitable chargers at bulk purchase prices from our partner charger manufacturers and re-sells these chargers to charging station operators.

With the rapid increase in the number of EV parks in China, the total number of public EV chargers is expected to grow to meet the corresponding increase in charging demand. As more small and medium-sized charging station operators are expected to enter the market, there will be a growing need for the procurement of new chargers for new station construction or for the replacement of existing chargers. However, small and medium-sized station operators are unable to secure favorable discounts or crucial pre- or post-sales services from charger manufacturers due to their limited scale. Our extensive station operator network allows us to integrate procurement demands for chargers from various operators to make bulk purchases at a lower price and to secure important pre- or post-sales services from charger manufacturers, all for the benefit of station operators. It is also worth noting that there are a vast number of charger manufacturers in China of varying size and quality. These manufacturers also provide different levels of support and different services in connection with the sale of their charging piles. The repertoire of products and services of a given charger manufacturer may be suitable for certain charging station operators but not others, depending on the operator's size, operational environment and other requirements. Specifically, many charger manufacturers do not have the capacity to cater to small and medium-sized station operators that are expected to dominate the EV charging market in China. As a result, station operators, particularly small and medium-sized station operators, face difficulties in finding the right charger manufacturer with the right set of products and services that adequately meets their operational needs. On the other hand, charger manufacturers themselves are faced with intense competition, and may lack adequate sales and marketing channels to reach the right station operators.

Charging station operators that are integrated into our ecosystem are connected with the most suitable charger manufacturers for their specific needs, and this in turn provides a valuable sales channel for our charger manufacturer partners. We have a close working relationship with over 980 different charging station operators and 29 charger manufacturers (most of them are leading charger manufacturers in China (in terms of revenue)), enabling us to better serve our station customers as well as our partnering charger manufacturers. Leveraging the EV charging ecosystem that we have built, and utilizing our deep understanding of both the needs of our charging station partners and the capabilities of our charger manufacturer partners, we have been able to efficiently promote the sales of charger manufacturers and address procurement difficulties for charging station operators.

In relation to our hardware procurement, NaaS had historically limited its participation to the facilitation of sales transactions, generating revenues by charging a take rate on the procurement value. Since 2022, NaaS has begun directly undertaking procurement and sales activities as a part of its offline EV charging solutions.

Other Offline Services

We provide electricity procurement services to charging station operators. Leveraging the vast number of station operators on our network, we are able to aggregate procurement requirements for electricity and negotiate for and secure electricity at favorable prices. This is particularly beneficial to small and medium-sized station operators who often lack the ability to obtain lower prices due to a lack of scale.

To complement our EV charging services, we also provide charging station operators with 24/7 offline operational and management services. Depending on their varying needs, charging station operators can opt for professional operational services from us, including outsourcing to us their daily operations, including the regular maintenance and upkeep of their charging piles and stations. They can also order onsite maintenance and repair services provided by specialized technicians in the event of any equipment failure or hardware downtime.

Non-charging Services

We are able to boost charging station revenues by providing station operators with the ability to provide additional retail services as well as other amenities and ancillary services. The dominant position of public charging in the Chinese market means that the vehicle parking time and the time spent by EV drivers at the charging station will correspond closely to the charging time, which is on average approximately 60 to 90 minutes according to CIC. This long waiting time offers tremendous potential to offer additional retail and ancillary services.

We are a pioneer in packaging non-charging retail and ancillary services into charging stations and have retail resources that are ready for deployment. As of June 30, 2022, NaaS had assisted close to 400 charging stations in delivering more than 8 different kinds of retail and ancillary services, including the sale of food and other merchandise through vending machines, car washing services and massage services. We are also exploring the potential of other retail services. We empower charging station operators with the ability to adopt scenario-specific furniture and fixture or infrastructure designs with a variety of amenities and non-charging services, such as vending machines, massage chairs, and car wash tunnels. We are also assisting charging station operators in station design and decoration, furniture and fixture procurement with discounted prices for non-charging businesses. We have amassed substantial experience and expertise in this area and we are continuing to explore different retail possibilities which will help improve the revenue streams of charging station owners.

In addition, passenger EVs are gradually replacing commercial EVs as the dominant EV models serviced by charging stations in China. As a result, end-users are now selecting their destination for charging based on a different and broader set of criteria. By enabling charging stations to provide non-charging services, we are able to label charging stations on our network based on the amenities and ancillary services they offer. We work with our business partners to realize the full potential of this information by efficiently matching end-users through *Kuaidian* with the right charging stations that offer the right non-charging services, thereby enhancing the end-user experience and increasing traffic for station operators.

Full Station Operation

In addition to providing charging station operators with online and offline EV charging solutions as well as non-charging services, NaaS was also independently and fully operating 73 stations for 11 station owners as of June 30, 2022. Specifically, because of the comprehensiveness of our EV charging solutions, we have been uniquely able to take full control of the day-to-day operations of charging stations and to provide fully outsourced station operations and management to the station owners. Under this model, we obtain the operational rights to the charging station and takes the full responsibility for running the entire operation of the station. We retain all of the revenue, which is accounted for as revenue generated by offline EV charging solutions, after paying a fixed amount of pre-agreed fees to the station owner. This model allows us to capture more revenues derived from our EV charging solutions and fully realize all the potential paths for monetization.

Sales and Marketing

We grow our customer base through marketing activities, branding campaigns, as well as the efforts of our in-house business development teams. We also capitalize on the operating experience, resources and insights of Newlink to acquire new customers.

We adopt different expansion strategies for different charging station operators and owners. Leveraging the market leadership, industry experience and resources of Newlink and of ourselves, our business development team has often been able to identify new charging stations and charging piles at the earliest possible times, which then gives us an advantage in initiating the first contact with the relevant station operators and owners for a potential partnership. Our business development team also constantly monitors and scouts for new charging infrastructure that can potentially partner with our business model, using methods including online searches and offline site visits. After the initial engagement with the station operators and owners, the team then continues to maintain regular contact and will continuously explore potential short-term and long-term opportunities with the station operators and owners through constant relationship building activities, lead generation and market conditioning work, and regular marketing. In addition, we also enter into strategic cooperation with local governments and state-owned entities in China, who are often large-scale station operators and owners. Once a charging station joins our network, our business development team will assign designated personnel to maintain liaison with the station and provide it with comprehensive support.

We also seek to expand our mobility connectivity services through a variety of online and offline activities, including marketing and branding activities and promotions targeting end-users and other users of our EV charging network. As our mobility connectivity services gain greater traction among end-users, these initiatives would also result in more station operators joining our network.

Competition

Competition in this industry is based primarily on the extensiveness of the charging network as determined by the number of charging station operators and charging piles, the variety and quality of EV charging services and products offered, industry supply and value chain integration capabilities, and technology capabilities.

It is expected that the EV charging service market in China will see an increasing penetration of DCFCs. This is because of the strong need to reduce charging time at public charging facilities, which will become the dominant form of charging in China. DCFC is able to boost charging efficiency and optimize user experiences in significant measure, which corresponds closely with the needs of end-users in China.

The success of our mobility connectivity services is largely dependent on the extensiveness of our charging network but also demands effective end-user acquisition and retention. Ongoing engagement with station operators and the effectiveness of our marketing efforts are critically important to our efforts to gain market share in the Chinese market. We also compete on the comprehensiveness of the range of products and services offered to station operators as well as the quality, performance, features, and prices of the products and services. Our industry is generally in an early stage of development and is constantly evolving. New demands and preferences continue to emerge from various industry participants, and in particular from end-users and charging station operators and owners. We will be tested on our ability to forecast and meet shifts in the market and our ability to adapt our product and service offerings in a timely manner.

We believe that we can compete effectively with its competitors on the basis of the following factors:

- the comprehensiveness of our EV charging solutions and strategic focus on DCFC infrastructure, and our ability to continuously upgrade and develop products and services to meet the changing needs, preferences and demands of our customers and end-users;
- the first-mover advantage we have gained and the market leadership that we have fostered in terms of market share and coverage of charging station operators and facilities;
- the adoption of an asset-light business model that allows for accelerated expansion and growth;
- the vision and proven execution capability of our management team; and
- the effectiveness of our sales and marketing strategies.

Regulations

This section summarizes certain laws and regulations that materially affect our business and operations and the key provisions of such laws and regulations.

Regulations Related to Foreign Investment

Investment activities in China by foreign investors are principally governed by the Catalog of Industries for Encouraging Foreign Investment (the “Encouraged Industries Catalog”) and the Special Management Measures (Negative List) for the Access of Foreign Investment (the “Negative List”), which were promulgated and are amended from time to time by the Ministry of Commerce (“MOFCOM”) and the National Development and Reform Commission (the “NDRC”), and together with the PRC Foreign Investment Law (the “FIL”), and their respective implementation rules and ancillary regulations. The Encouraged Industries Catalog and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories in terms of the level of participation permitted to foreign investment: “encouraged,” “restricted” and “prohibited.” Industries not listed in the Encouraged Industries Catalog are generally deemed as falling into a fourth category of “permitted” industries unless specifically restricted by other PRC laws.

On October 26, 2022, MOFCOM and the NDRC released the Encouraged Industries Catalogue (2022 Version), which became effective on January 1, 2023, to replace the then existing Encouraged Industries Catalog. On December 27, 2021, MOFCOM and the NDRC released Negative List (2021 Version), which became effective on January 1, 2022, to replace the then existing Negative List. The Negative List (2021 Version) sets forth the industries in which foreign investments are restricted or prohibited. Industries that are not listed in the Negative List (2021 Version) are generally permitted to foreign investment unless otherwise specifically restricted by other PRC rules and regulations.

On March 15, 2019, the National People’s Congress (the “NPC”) promulgated the FIL, which became effective on January 1, 2020 and replaced the main body of laws and regulations then governing foreign investment in China. Pursuant to the FIL, “foreign investments” refer to investment activities conducted by foreign investors directly or indirectly in China, which include any of the following circumstances: (1) foreign investors setting up foreign-invested enterprises in China solely or jointly with other investors, (2) foreign investors obtaining shares, equity interests, interests in property or other similar rights and interests of enterprises within China, (3) foreign investors investing in new projects in China solely or jointly with other investors, and (4) investment by other means as specified in laws, administrative regulations, or as stipulated by the State Council.

According to the FIL, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either “restricted” or “prohibited” in the Negative List. The FIL provides that foreign invested entities operating in “restricted” or “prohibited” industries will require entry clearance and other approvals.

On December 26, 2019, the State Council promulgated the Implementing Rules of Foreign Investment Law, which became effective on January 1, 2020. The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level of openness.

On December 30, 2019, MOFCOM and the State Administration for Market Regulation (the “SAMR”) jointly promulgated the Measures for Information Reporting on Foreign Investment, which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit information relating to the investment to the competent commerce department.

Regulations Related to Value-Added Telecommunications Services

The Telecommunications Regulations of the PRC (the “Telecommunications Regulations”), which was promulgated by the State Council on September 25, 2000 and most recently amended on February 6, 2016, provides the regulatory framework for telecommunications service providers in China. The Telecommunications Regulations classifies telecommunications services into basic telecommunications services and value-added telecommunications services. Providers of value-added telecommunications services are required to obtain a license for value-added telecommunications services. According to the Catalog of Telecommunications Services, attached to the Telecommunications Regulations and most recently amended by the Ministry of Industry and Information Technology (“MIIT”) on June 6, 2019, information services provided via public communication network or the internet are value-added telecommunications services.

The value-added telecommunications services are regulated by the Administrative Measures on Internet Information Services (the “Internet Measures”), which was promulgated by the State Council on September 25, 2000 and most recently amended on January 8, 2011. “Internet information services” is defined as “services that provide information to online users through the internet.” The Internet Measures classifies internet information services into non-commercial internet information services and commercial internet information services. Commercial internet information service providers shall obtain a value-added telecommunications business operating license for internet information service (the “ICP License”) from appropriate telecommunications authorities. An ICP License has a term of five years and can be renewed 90 days prior to its expiration, according to the Administrative Measures for Telecommunications Businesses Operating Licensing, which was promulgated by MIIT on March 1, 2009 and amended on July 3, 2017 (with such amendment coming into effect on September 1, 2017).

The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises, promulgated by the State Council on December 11, 2001 and most recently amended on March 29, 2022, requires foreign-invested value-added telecommunications enterprises in China to be established as Sino-foreign joint ventures, and foreign investors shall not acquire more than 50% of the equity interest of such enterprises, unless the state stipulates otherwise.

According to the Negative List (2021 Version), the ratio of foreign investments in an entity that is engaged in value-added telecommunications business (except for e-commerce, domestic multi-party communications, storage-forwarding and call centers) shall not exceed 50%. NaaS historically conducted certain value-added telecommunications services through Kuaidian Power Beijing, which services had, as part of the Restructuring, been transferred and are currently carried out by a third party service provider.

Regulations Related to Online Payment

On June 14, 2010, the PBOC issued the Administrative Measures on Non-Financial Institution Payment Service and its implementing rules, which was amended on April 29, 2020 and set forth the basic regulatory requirements for the provision of payment services by non-financial institutions. According to the Administrative Measures on Non-Financial Institution Payment Service, “non-financial institution payment service” means any of the following monetary asset transfer services provided by non-financial institutions as an intermediary between the payor and the payee: (i) online payment; (ii) pre-payment card issuance and receipt; (iii) bank card acceptance; and (iv) other payment services as specified by the PBOC. Pursuant to the Administrative Measures on Non-Financial Institution Payment Service, a non-financial institution that provides payment services shall obtain a payment business license to become a payment institution. No non-financial institution or individual shall engage in payment services, either directly or indirectly, without the PBOC’s approval.

In November 2017, the PBOC published the PBOC Notice, on the investigation and administration of illegal offering of settlement services by financial institutions and third-party payment service providers to unlicensed entities. The PBOC Notice is intended to prevent unlicensed entities from using licensed payment service providers as a conduit for conducting unlicensed payment settlement services, so as to safeguard fund security and information security.

As part of NaaS’ business operation prior to the Restructuring, end-users were required to make prepayments through *Kuaidian* under certain circumstances, including to initiate certain services through *Kuaidian*. This could potentially have constituted issuance of prepaid cards by NaaS under then prevailing PRC laws and regulations and required a payment business license. In line of market practice, NaaS had previously engaged licensed entities such as third-party payment institutions and commercial bank to provide payment settlement services. However, because there were and remain to be uncertainties with respect to the implementation and interpretation of the applicable laws and as these laws continue to evolve, the PBOC and other governmental authorities may find NaaS’ settlement mechanisms to be in violation of the Administrative Measures on Non-Financial Institution Payment Service, the PBOC Notice or other related regulations.

Regulations Related to Mobile Internet Applications Information Services

In addition to the Telecommunications Regulations and other regulations discussed above, mobile internet applications (“Apps”) are specially regulated by the Administrative Provisions on Mobile Internet Applications Information Services (the “App Provisions”), which was promulgated by the Cyberspace Administration of China (“CAC”) on June 28, 2016 and amended on 2022 (with such amendment coming into effect on August 1, 2022). The App Provisions sets forth the relevant requirements applicable to App information service providers and App Store service providers. The CAC and its local branches shall be responsible for the supervision and administration of nationwide and local App information respectively.

App providers shall strictly discharge their responsibilities relating to information security management, and perform the following duties: (1) in accordance with the principles of “real name at background, any name at foreground,” verify identities of registered users through mobile numbers etc.; (2) establish and improve the mechanism for user information security protection, adhere to the principles of “legality, appropriateness and necessity” in the collection and use of personal information, expressly state the purposes and methods of information collection as well as the scope of information collected, and obtain users’ consent; (3) establish and improve the mechanism for the verification and management of information, adopt appropriate sanctions and measures such as warning, restricting functionality, suspending updates, and closing accounts, following any release of illegal information, and maintain records and reports for the submission to or inspection by the competent department; (4) protect and safeguard users’ “rights to know and rights to choose” during the installation or use of Apps in accordance with the law, refrain from collecting geographic locations, reading address books, or using cameras or recordings, without the express notifications to and consent of the users, refrain from turning on functions irrelevant to the services provided and refrain from bundling and installing irrelevant Apps; (5) respect and protect intellectual property rights and refrain from producing or releasing Apps that infringes upon intellectual property rights; and (6) maintain records of user log information for 60 days.

Historically, Kuaidian Power Beijing operated *Kuaidian*. As part of the Restructuring, the ownership of *Kuaidian* as well as the rights to access and use certain data generated by or in the possession of *Kuaidian* have been transferred to a third-party service provider as of the date of this Shell Company Report on Form 20-F. NaaS entered into a business cooperation agreement with the third-party service provider pursuant to which NaaS will receive certain services from such operator in relation to the delivery of EV charging solutions.

Regulations Related to Consumer Protection

According to Law of the PRC on the Protection of Consumer Rights and Interests, which was promulgated by the SCNPC on October 31, 1993 and most recently amended on October 25, 2013, in providing goods or services to consumers, business operators shall fulfill their obligations in accordance with this law and other applicable laws and regulations. Business operators shall fulfill their obligations as agreed with consumers, provided that the agreements with consumers are not in violation of any laws or regulations. In providing goods or services to consumers, business operators shall adhere to social morality, operate business in good faith, and protect the lawful rights and interests of consumers, and shall neither set unfair or unreasonable trading conditions nor force consumers into any transactions. Business operators shall provide consumers with true and complete information regarding the quality, performance, use, and service life or expiration date, among others, of goods and services provided, and shall not conduct any false or misleading promotion. Business operators shall provide true and definitive answers to questions from consumers regarding the quality and use instructions of the goods and services they provide. Business operators shall clearly indicate the price of the goods and services they provide.

Regulations Related to Advertising

On April 24, 2015, the SCNPC enacted the Advertising Law of the People's Republic of China (the "New Advertising Law"), which became effective on September 1, 2015 and most recently amended on April 29, 2021. The New Advertising Law requires that advertisers, advertising operators and advertisement publishers shall abide by the laws and administrative regulations, and the principles of fairness and good faith while engaging in advertising activities.

The Interim Measures for the Administration of Internet Advertising (the "Internet Advertising Measures"), regulating the internet-based advertising activities were adopted by the SAIC on July 4, 2016 and became effective on September 1, 2016. According to the Internet Advertising Measures, internet advertisers are responsible for the authenticity of the advertisements content and all online advertisements must be marked "Advertisement" so that viewers can easily identify them as such. Publishing and circulating advertisements through the internet shall not affect the normal use of the internet by users. It is not allowed to induce users to click on the content of advertisements by any fraudulent means, or to attach advertisements or advertising links in emails without permission. In addition, the following internet advertising activities are prohibited: (i) providing or using any applications or hardware to intercept, filter, cover, fast forward or otherwise restrict any authorized advertisement of other persons, (ii) using network pathways, network equipment or applications to disrupt the normal data transmission of advertisements, alter or block authorized advertisements of other persons or load advertisements without authorization, or (iii) using fraudulent statistical data, transmission effect or matrices relating to online marketing performance to induce incorrect quotations, seek undue interests or harm the interests of others. NaaS is subject to the foregoing regulations on advertising to the extent it helps charging station and station operators attract traffic including as part of its mobility connectivity services.

Regulations Related to Internet Information Security and Privacy And Protection

PRC government authorities have enacted laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorized disclosure. Internet information in China is regulated and restricted from a national security standpoint. The SCNPC enacted the Decisions on Maintaining Internet Security on December 28, 2000 as amended on August 27, 2009, which imposes criminal liabilities for any act taken to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) disseminate false commercial information; or (v) infringe on intellectual property rights. The Ministry of Public Security ("MPS") has promulgated measures that prohibit the use of internet in ways which, among other things, result in a leakage of state secrets or a dissemination of socially destabilizing content. If an internet information service provider violates these measures, the MPS and its local branches may shut down its websites and suggest to the relevant authority to revoke its operating license if necessary.

Under the Several Provisions on Regulating the Market Order of Internet Information Services, issued by the MIIT on December 29, 2011 and taking effect on March 15, 2012, an internet information service provider must not collect any personal information from any of its users or provide any such information to third parties without the consent of such user, unless otherwise provided by laws or regulations. Internet information service providers must expressly inform the users of the method for and purpose of the collection and processing of such user's personal information and the content of the personal information so collected and processed, and should only collect or use such information to the extent necessary for the provision of its services. An internet information service provider is also required to properly maintain users' personal information, and in case of any leak or possible leak of such personal information, the Internet information service provider must take immediate remedial measures and, in severe circumstances, make an immediate report to the relevant telecommunications regulatory authority.

In addition, pursuant to the Decision on Strengthening the Protection of Online Information issued by the SCNPC on December 28, 2012 and the Order for the Protection of Telecommunication and Internet User Personal Information issued by the MIIT on July 16, 2013, any collection and use of a user's personal information must be subject to the consent of the user, adhere to the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering with or destroying any such information, or selling or providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the unauthorized disclosure, damage or loss of any personal information collected.

On November 7, 2016, the SCNPC issued the Cyber Security Law of the PRC (the "Cybersecurity Law"), which took effect on June 1, 2017. The Cybersecurity Law is formulated to maintain the network security, safeguard the cyberspace sovereignty, national security and public interests, and protect the lawful rights and interests of citizens, legal persons and other organizations. Pursuant to the Cybersecurity Law, a network operator, which includes, among others, internet information services providers, must take technical measures and other necessary measures in accordance with applicable laws and regulations as well as mandatory requirements of national and industrial standards to safeguard the safe and stable operation of networks, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cybersecurity Law reaffirms the basic principles and requirements as specified in then existing laws and regulations related to personal information protections, such as the requirements on the collection, use, processing, storage and disclosure of personal information, and the requirements that internet service providers should take technical and other necessary measures to ensure the security the personal information they have collected and prevent such personal information from being divulged, damaged or lost. Any violation of the Cybersecurity Law could subject the internet service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, shutdown of websites as well as criminal liabilities.

On January 23, 2019, the Office of the Central Cyberspace Affairs Commission, the MIIT, the MPS, and the SAMR jointly issued the Notice on Special Governance of Illegal Collection and Use of Personal Information via Apps, which restates the requirement of legal collection and use of personal information, encourages App operators to conduct security certifications, and encourages search engines and App stores to clearly mark and recommend those certified apps.

On November 28, 2019, the CAC, MIIT, the MPS and the SAMR jointly issued the Measures to Identify Illegal Collection and Usage of Personal Information by Apps, which describes six types of illegal collection and usage of personal information, including "the failure to publish rules relating to the collection and usage of personal information", "the failure to provide privacy rules", and "the collection or use of personal information without consent".

On May 28, 2020, the NPC adopted the Civil Code of the PRC which became effective on January 1, 2021. According to the Civil Code, individuals have the right of privacy. No organization or individual shall process any individual's private information or infringe on an individual's right of privacy, unless otherwise prescribed by law or with the consent of such individual or such individual's guardian. The Civil Code also offers protection to personal information and provides that the processing of personal information shall be subject to the principles of legitimacy, legality and necessity. An information processor must not divulge or falsify the personal information collected and stored by it, or provide the personal information of an individual to others without the consent of such individual. On March 12, 2021, the CAC, the MIIT, the MPS and the SAMR jointly issued the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (the "Necessary Personal Information Rules"), which came into effect on May 1, 2021. According to the Necessary Personal Information Rules, mobile App operators shall not deny a user's access to the basic functions and services of an App on the basis that such user refuses to provide his or her personal information which is not necessary for such use. The Necessary Personal Information Rules further stipulates the relevant scopes of necessary personal information for different types of mobile Apps.

On June 10, 2021, the SCNPC promulgated the Data Security Law, which took effect on September 1, 2021. The Data Security Law sets out a national data security review system, under which data processing activities that affect or may affect national security are subject to review. In addition, it clarifies the obligations to protect data security applicable to organizations and individuals who carry out data activities and discharges data security protection responsibilities. Data processors shall establish and improve a whole-process data security management system in accordance with the provisions of laws and regulations, organize and implement data security trainings as well as take appropriate technical measures and other necessary measures to protect data security. If the processing of any organization or personal data violate the Data Security Law, the responsible party shall bear the corresponding civil, administrative or criminal liabilities.

On July 30, 2021, the State Council promulgated the Regulation on Protecting the Security of Critical Information Infrastructure (“CII Regulations”), effective on September 1, 2021. According to the CII Regulations, “critical information infrastructure” has the meaning of an important network facility and information system in important industries such as, among others, public communications and information services, energy, transport, water conservation, finance, public services, e-government affairs and national defense science, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people’s livelihood, or the public interests in the event of damage, loss of function, or data leakage. The competent governmental authorities as well as the supervisory and administrative authorities of the aforementioned important industries and sectors will be responsible for (i) organizing for the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (ii) promptly notifying the operators so identified and the public security department of the State Council of the results of identification. As of the date of this Shell Company Report on Form 20-F, NaaS has not received any notification from any PRC governmental authority that it is operating any “critical information infrastructure.”

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law, effective on November 1, 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the purpose of the processing activity, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the purpose of the processing activity to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to different rules on consent requirement, transfer, and security. Entities that process personal information shall bear responsibilities for the activities they conduct relating to such personal information, and shall adopt necessary measures to safeguard the security of the personal information that they process. Otherwise, such entities could be ordered to correct, suspend or terminate the provision of their services, and face confiscation of illegal income, fines or other penalties.

On November 14, 2021, the CAC published a discussion draft of the Data Security Regulations, which provides that the undertaking of the following activities shall be subject to a cybersecurity review: (i) the merger, reorganization or separation of network platform operators that have gathered and mastered a large number of data resources related to national security, economic development or public interests affects, which may affect national security; (ii) overseas listing of data processors processing the personal information of over one million users; (iii) the listing in Hong Kong of data processors processing conducting data processing activities which affect or may affect national security; (iv) other data processing activities that affect or may affect national security. The Draft Data Security Regulations also provides that operators of large internet platforms that set up headquarters, operation centers or research and development centers overseas shall report to the national cyberspace administration and other competent authorities. The Draft Data Security Regulations also states that data processors processing important data or listing overseas shall conduct an annual data security assessment by themselves or by engaging a data security service institution, and shall submit the assessment report of a given year to the relevant CAC municipal office before January 31, of the following year. In addition, the Draft Data Security Regulations also requires network platform operators to enact platform rules, privacy policies and algorithm strategies related to data, and to solicit public comments on their official websites for no less than 30 working days when they formulate such platform rules or privacy policies or makes any amendments that may have a significant impact on users’ rights and interests. Further, platform rules and privacy policies formulated by operators of large internet platforms with more than 100 million daily active users, or amendments thereto that may have significant impacts on users’ rights and interests shall be evaluated by a third-party organization designated by the CAC and submitted to relevant CAC provincial office for approval. As of the date of this Shell Company Report on Form 20-F, the Draft Administrative Regulation on Network Data Security has not come into effect yet.

On December 31, 2021, the CAC together with other regulatory authorities published the Administrative Provisions on Algorithm Recommendation for Internet Information Services, which took effect on March 1, 2022. The Administrative Provisions on Algorithm Recommendation for Internet Information Services provides, among others, that algorithm recommendation service providers shall (i) establish and improve the management systems and technical measures for algorithm mechanism and principle review, scientific and technological ethics review, user registration, information release review, data security and personal information protection, anti-telecommunications and internet fraud, security assessment and monitoring, and security incident emergency response, formulate and disclose the relevant rules for algorithm recommendation services, and employ appropriate professional staff and technical support considering the scale of the algorithm recommendation service provided; (ii) regularly review, evaluate and verify the principle, models, data and application results of algorithm mechanisms, (iii) strengthen information security management, establish and improve a feature database for the identification of illegal inappropriate information, and improve entry standards, rules and procedures; (iv) strengthen the management of user models and user labels, and improve the rules on points of interest recorded into user models and user label management, and refrain from recording illegal or harmful keywords information into the points of interest of users or use them as user labels to push information.

On December 28, 2021, twelve regulatory authorities jointly released the Cybersecurity Review Measures. The Cybersecurity Review Measures provides that: (i) network platform operators that are engaged in data processing activities which have or may have an implication on national security shall undergo a cybersecurity review; (ii) the CSRC is one of the regulatory authorities for purposes of jointly establishing the state cybersecurity review mechanism; (iii) network platform operators that possess personal information of more than one million users and seeking to be listed overseas shall file for a cybersecurity review with the Cybersecurity Review Office; and (iv) the risks of core data, material data or large amounts of personal information being stolen, leaked, destroyed, damaged, illegally used or transmitted to overseas parties, and the risks of critical information infrastructure, core data, material data or large amounts of personal information being influenced, controlled or used maliciously shall be collectively taken into consideration during the cybersecurity review process. The distinction made under the discussion draft of the Draft Data Security Regulations between “listing overseas” and “listing abroad” further clarifies that the obligations to proactively apply for cybersecurity review by an entity seeking listing in a foreign country.

Regulations Related to Dividend Distributions

The principal laws and regulations regulating the dividend distribution of dividends by foreign-invested enterprises in China include the PRC Company Law most recently amended in 2018 and the FIL. Under the current regulatory regime in China, foreign-invested enterprises in China may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. A PRC company, including foreign-invested enterprise, is required to set aside as general reserves at least 10% of its after-tax profit, until the cumulative amount of such reserves reaches 50% of its registered capital unless the provisions of laws regarding foreign investment otherwise provided, and shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations Related to Intellectual Property

Patent

Patents in China are principally protected under the Patent Law of the PRC which was most recently amended on October 17, 2020 (which amendment came into effect on June 1, 2021). The duration of the invention patent right shall be 20 years, and the term shall be 10 years for utility models patent right and 15 years for designs patent right, all commencing from the application date thereof.

Copyright

Copyright in China, including copyrighted software, is principally protected under the Copyright Law of the PRC which was most recently amended on November 11, 2020 and came into effect on June 1, 2021 and related rules and regulations. Under the Copyright Law, the term of protection for copyrighted software is 50 years. The Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks, which was most recently amended on January 30, 2013, provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and Internet service providers.

Trademark

Registered trademarks are protected under the Trademark Law of the PRC promulgated on August 23, 1982 and amended on April 23, 2019 and related rules and regulations. Trademarks are registered with the State Intellectual Property Office, formerly the Trademark Office of the SAIC. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for 10 years, unless otherwise revoked.

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names which was promulgated by the MIIT on August 24, 2017 and took effect on November 1, 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

Regulations Related to Foreign Exchange

General Administration of Foreign Exchange

Under the PRC Foreign Currency Administration Rules promulgated by the State Council on January 29, 1996 and most recently amended on August 5, 2008 and various regulations issued by the State Administration for Foreign Exchange of China (“SAFE”) and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments, payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, require the prior approval from SAFE or its local branches. Payments for transactions that take place within China must be made in Renminbi. Unless otherwise provided by laws and regulations, PRC companies may repatriate foreign currency payments received from overseas or retain the same overseas. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in the settlement and sale of foreign exchange pursuant to relevant rules and regulations in China.

In 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, or Circular 59, on May 4, 2015 which substantially amends and simplifies the previous foreign exchange procedure. Pursuant to Circular 59, the opening and deposit of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in China, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not permitted previously.

On May 10, 2013, SAFE promulgated the Notice of State Administration of Foreign Exchange on Promulgation of the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors and Supporting Documents, which specified that the administration by SAFE or its local branches over direct investment by foreign investors in China must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in China based on the registration information provided by SAFE and its branches.

In February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment, or SAFE Notice 13. Instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals may apply for such foreign exchange registrations from qualified banks. Qualified banks, under the supervision of SAFE, may directly review the applications, conduct the registration and perform statistical monitoring and reporting responsibilities.

In March 30, 2015, SAFE promulgated the Circular of the SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise, or Circular 19, which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. Circular 19 allows all foreign-invested enterprises established in China to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use RMB converted from foreign currency-denominated capital for equity investments and removes certain other restrictions under previous rules and regulations. However, Circular 19 continues to prohibit foreign invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope and providing entrusted loans or repaying loans between non-financial enterprises.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or Circular 16, which took effect on June 9, 2016 and reiterates some of the rules set forth in Circular 19. Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there are substantial uncertainties with respect to Circular 16’s interpretation and implementation in practice.

In January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (i) where a bank handles outward remittance of profits for a domestic institution equivalent to more than US\$50,000, the bank shall check whether the transaction is genuine by reviewing board resolutions regarding profit distribution, original copies of tax filing records, audited financial statements and stamp with the outward remittance sum and date on the original copies of tax filing records and (ii) domestic entities must retain income to account for previous years' losses before remitting any profits. Moreover, pursuant to Circular 3, domestic entities must explain in detail the sources of capital and how the capital will be used, and provide board resolutions, contracts and other proof as a part of the registration procedure for outbound investment. Circular 3 also relaxes the policy restriction on foreign exchange inflow to further enhance trade and investment facilitation, including (i) expanding the scope of foreign exchange settlement for domestic foreign exchange loans; (ii) allowing the capital repatriation for offshore financing against domestic guarantee; (iii) facilitating the centralized management of foreign exchange funds of multinational companies; and (iv) allowing offshore institutions within pilot free trade zones to settle foreign exchange in domestic foreign exchange accounts.

Foreign Exchange Registration of Overseas Investment by PRC Residents

Pursuant to SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles ("SAFE Circular 75"), which became effective on November 1, 2005, domestic residents, including domestic individuals and domestic companies, must register with local branches of SAFE in connection with their direct or indirect offshore investment in an overseas special purpose vehicle (the "Overseas SPV"), for the purposes of overseas equity financing activities, and to update such registration in the event of any significant changes with respect to that offshore company.

On July 4, 2014, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Round-tripping by Chinese Residents through Special Purpose Vehicles ("SAFE Circular 37"), which replaced SAFE Circular 75, for the purpose of simplifying the approval process and promoting cross-border investments. SAFE Circular 37 supersedes SAFE Circular 75 and revises and regulates matters involving foreign exchange registration for round-trip investment. Under SAFE Circular 37, a domestic resident must register with the local SAFE branch before he or she contributes assets or equity interests in an Overseas SPV that is directly established or indirectly controlled by the domestic resident for the purpose of conducting investment or financing. In addition, in the event of any change of basic information of the Overseas SPV such as the individual shareholder, name, operation term, etc., or if there is any capital increase, decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the domestic resident shall complete the change of foreign exchange registration procedures for offshore investment. According to the procedural guideline as attached to SAFE Circular 37, the principle of review has been changed to "the domestic individual resident shall only register the Overseas SPV directly established or controlled (first level)."

At the same time, SAFE has issued the Operation Guidance for the Issues Concerning Foreign Exchange Administration Over Round-trip Investment with respect to the procedures for SAFE registration under SAFE Circular 37, which became effective on July 4, 2014 as an attachment to SAFE Circular 37. Under the relevant rules, failure to comply with the registration procedures set out in SAFE Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who hold any shares in the company from time to time are required to register with SAFE in connection with their investments in the company.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment, effective from June 1, 2015, which further amended SAFE Circular 37 by requiring domestic residents to register with qualified banks rather than SAFE or its local branches in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

Regulations Related to Tax

Enterprise Income Tax

The Law of the PRC on Enterprise Income Tax and The Regulations for the Implementation of the Law on Enterprise Income Tax (collectively, the “EIT Laws”) were promulgated on March 16, 2007 and December 6, 2007, respectively, and were most recently amended on December 29, 2018 and April 23, 2019, respectively. According to the EIT Laws, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within China. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside China, but have established institutions or premises in China, or have no such established institutions or premises but have income generated from inside China. Under the EIT Laws and relevant implementing regulations, a uniform enterprise income tax (“EIT”) rate of 25% is applicable. However, 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.

Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as the PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (“Circular 82”), which was promulgated by the STA on April 22, 2009 and amended on January 29, 2014 and December 29, 2017, sets out the standards and procedures for determining whether the “de facto management body” of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within China.

According to Circular 82, a Chinese-controlled offshore incorporated enterprise will be regarded as a PRC tax resident by virtue of having a “de facto management body” in China and will be subject to PRC EIT on its worldwide income only if all of the following criteria are met: (1) the primary location of the day-to-day operational management is in China; (2) decisions relating to the enterprise’s financial and human resource matters are made or are 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% or more of voting board members or senior executives habitually reside in China.

The EIT Laws permit certain High and New Technologies Enterprises (the “HNTes”) to enjoy a reduced 15% EIT rate subject to these HNTes meeting certain qualification criteria. In addition, the relevant EIT laws and regulations also provide that entities recognized as Software Enterprises are able to enjoy a tax holiday consisting of a two-year-exemption commencing from their first profitable calendar year and a 50% reduction in ordinary tax rate for the following three calendar years, while entities qualifying as key software enterprises can enjoy a preferential EIT rate of 10%.

The Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises (“Bulletin 7”) was issued by the STA on February 3, 2015 and most recently amended pursuant to the Announcement on Issues Concerning the Withholding of Enterprise Income Tax at Source on Non-PRC Resident Enterprises, which was issued by the STA on October 17, 2017 (which amendment became effective on December 1, 2017). Pursuant to Bulletin 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if the arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of EIT in China. As a result, gains derived from an indirect transfer may be subject to EIT in China. According to Bulletin 7, “PRC taxable assets” include assets attributed to an establishment or a place of business in China, immovable properties in China, and equity investments in PRC resident enterprises. In respect of an indirect offshore transfer of assets of a PRC establishment or place of business, the relevant gain is to be regarded as effectively connected with the PRC establishment or a place of business and therefore included in its EIT filing, and would consequently be subject to EIT in China at a rate of 25%. Where the underlying transfer relates to the immovable properties in China or to equity investments in a PRC resident enterprise, which is not effectively connected to a PRC establishment or a place of business of a non-resident enterprise, an EIT rate at 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. There is uncertainty as to the implementation of Bulletin 7.

Before August 2013 and pursuant to applicable PRC tax regulations, any entity or individual conducting business in the service industry is generally required to pay a business tax at the rate of 5% on the revenue generated from providing services. However, if the services provided are related to technology development and transfer, the business tax may be exempted subject to approval by the relevant tax authorities.

In November 2011, the Ministry of Finance (“MOF”) and SAT promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax. In May and December 2013, April 2014, March 2016 and July 2017, MOF and SAT promulgated five circulars to further expand the scope of services that are to be subject to value-added tax (“VAT”) instead of business tax. Pursuant to these tax rules, from August 1, 2013, VAT was imposed to replace the business tax in certain service industries, including technology services and advertising services, and from May 1, 2016, VAT replaced business tax in all industries, on a nationwide basis. On November 19, 2017, the State Council further amended the Interim Regulation of PRC on Value Added Tax to reflect the normalization of the pilot program. The VAT rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT rate applicable to the small-scale taxpayers is 3%. Unlike business tax, a taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the revenue from services provided.

On April 4, 2018, MOF and SAT issued the Notice on Adjustment of VAT Rates, which came into effect on May 1, 2018. According to the notice, starting from May 1, 2018, the taxable goods previously subject to VAT rates of 17% and 11%, respectively, become subject to lower VAT rates of 16% and 10%, respectively.

On March 20, 2019, MOF, SAT and the General Administration of Customs (the “GACC”) issued the Announcement on Policies for Deepening the VAT Reform, which came into effect in April 2019, to further reduce VAT rates. According to the announcement, (1) for general VAT payers’ sales activities or imports previously subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (2) for agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; (3) for agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (4) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and (5) for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%.

Regulations Related to Employment and Social Welfare

The Labor Contract Law

According to the Labor Law of China promulgated on July 5, 1994 and most recently amended on December 29, 2018, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate laborers in labor safety and sanitation in China. Labor safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions shall provide laborers with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labor protection. The PRC Labor Contract Law, which took effect on January 1, 2008 and amended on December 28, 2012, is primarily aimed at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labor contracts. Pursuant to the PRC Labor Contract Law, labor contracts shall be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and laborers. Enterprises and institutions are prohibited from compelling laborers to work beyond specified time limit and employers shall pay laborers for overtime work in accordance with laws and regulations. In addition, labor wages shall not be lower than the local minimum wages and shall be paid to laborers in a timely manner.

Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labor Injury implemented on January 1, 2004 and amended on December 20, 2010, Provisional Measures for Maternity Insurance of Employees of Corporations implemented on January 1, 1995, Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance for Employees of Corporations of the State Council issued on July 16, 1997, Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council promulgated on December 14, 1998, Unemployment Insurance Measures promulgated on January 22, 1999 and Social Insurance Law of PRC implemented on July 1, 2011 and amended 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 make the required contribution may be fined and ordered to make up for such contribution within a prescribed period of time.

In accordance with the Regulations on the Management of Housing Funds which were promulgated by the State Council on April 3, 1999 and most recently amended on March 24, 2019, enterprises must register at the competent managing center for housing funds and upon the examination by such managing center of housing funds, such enterprises shall complete procedures for the opening of an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner.

Regulations Related to M&A and Overseas Listing

On 8 August 2006, six PRC governmental and regulatory agencies, including the Ministry of Commerce and the China Securities Regulatory Commission, or the CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, governing the mergers and acquisitions of domestic enterprises by foreign investors that became effective on 8 September 2006 and was revised on 22 June 2009. The M&A Rules, among other things, requires that if an overseas company established or controlled by PRC companies or individuals intends to acquire equity interests or assets of any other PRC domestic company affiliated with such PRC companies or individuals, such acquisition must be submitted to the Ministry of Commerce for approval. The M&A Rules also requires that an offshore special vehicle, or a special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by the PRC companies or individuals, shall obtain the approval of the CSRC prior to overseas listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The M&A Rules also establish procedures and requirements that could make some acquisitions of PRC companies by foreign investors more time-consuming and complex, including requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by the Ministry of Commerce in 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the Ministry of Commerce, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement.

Regulations Related to Strictly Combating Illegal Securities Activities

On July 6, 2021, the General Office of the State Council and General Office of the Central Committee of the Communist Party of China issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. It emphasizes the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

Regulations Related to Securities Offering and Listing Overseas

On February 17, 2023, the CSRC published the Overseas Listing Measures which will take effect on March 31, 2023. Under the Overseas Listing Measures, a filing-based regulatory system will be applied to "indirect overseas offerings and listings" of companies in mainland China, which refers to securities offerings and listings in an overseas market made under the name of an offshore entity but based on the underlying equity, assets, earnings or other similar rights of a company in mainland China that operates its main business in mainland China. The Overseas Listing Measures states that, any post-listing follow-on offering by an issuer in an overseas market, including issuance of shares, convertible notes and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering. Therefore, any of our future offering and listing of our securities in an overseas market may be subject to the filing requirements under the Overseas Listing Measures. In connection with the Overseas Listing Measures, on February 17, 2023 the CSRC also published the Notice on Overseas Listing Measures. According to the Notice on Overseas Listing Measures, issuers that have already been listed in an overseas market by March 31, 2023, the date the Overseas Listing Measures will become effective, are not required to make any immediate filing and are only required to comply with the filing requirements under the Overseas Listing Measures when it subsequently seeks to conduct a follow-on offering.

Item 5. Operating and Financial Review and Prospects

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with (i) the consolidated financial statements of RISE Education Cayman Ltd, as of and for the years ended December 31, 2019, 2020, and 2021, together with the notes thereto, (ii) the restated combined financial statements of NaaS as of and for the years ended December 31, 2020, and 2021, together with the notes thereto, as well as (iii) the restated pro forma condensed combined statement as of and for the year ended December 31, 2021, each of which appear elsewhere in this Shell Company Report on Form 20-F.

NaaS' EV charging service business was previously carried out by Newlink and its consolidated entities, and consequently, the restated combined financial statements of NaaS as of and for the years ended December 31, 2020, and 2021 included in this Shell Company Report on Form 20-F are presented using the carrying value of such business for all periods presented.

The discussion below contains forward looking statements that involve certain risks and uncertainties. See “Forward-Looking Information.” In evaluating our business, you should carefully consider the information provided under the caption “Item 3. Key Information—D. Risk Factors” in this Shell Company Report on Form 20-F. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

Restatement of Combined Financial Statements and Pro Forma Condensed Combined Statement

The Company has amended and restated (i) the combined financial statements of NaaS as of and for the years ended December 31, 2020, and 2021, together with the notes thereto, and (ii) the pro forma condensed combined statement as of and for the year ended December 31, 2021, together with the notes thereto, each as included in the Shell Company Report on Form 20-F originally filed by the Company on June 16, 2022 (such financial statements as originally filed, the “Prior Financial Statements”). The Prior Financial Statements are restated to correct the presentation of revenues to be consistent with our recognition and measurement policy for each class of revenues and to reflect other adjustments that we found necessary or appropriate, including mainly the following:

- revising the presentation of gross revenues, incentive to end-users and net revenues.
- revising the measurement policy for revenue from membership program and full station operation.
- revising to disclose all required information in accordance with IAS 1.79.
- revising to disclose all required contract balances information in accordance with paragraphs 116 through 118 of IFRS 15.
- reclassifying platform service fee, bandwidth expenses and server custody costs from research and development expenses to cost of revenues.
- reclassifying balance sheet line items, such as reclassifying balances related to sales of charging piles from prepayments, other receivables and other assets to trade receivables, and balances related to payables to charging station from other payables and accruals to trade and bills payables, etc.
- revising to recognize the share-based compensation related to the share awards granted by Newlink (as defined below) to certain of our employees, according to the evaluation of transfer pricing policies of our transfer pricing advisor, which was completed in January 2023. The Company also updated the disclosure of related party transaction accordingly.
- updating IFRIC 23 provisions on corporate income tax, according to the best estimation as of respective balance sheet dates.
- updating certain VAT-related balances and revising the method of estimating the recoverability of uncollected input VAT receipts (which is recorded in other receivables) and adjusting previously recognized provision accordingly.
- updating discount rate to calculate interest expense on lease liabilities, based on the actual finance cost as of respective balance sheet dates.

A. Operating Results

RISE

RISE did not generate revenues from continuing operations prior to the consummation of the Mergers and since it became a shell company. Overall, RISE incurred a net loss from continuing operations of RMB15.2 million, RMB17.6 million and a net income of RMB249.1 million (US\$39.1 million) for the years ended December 31, 2019, 2020 and 2021, respectively. Since RISE’s operations were primarily administrative, the net income from continuing operations related entirely to the gain on troubled debt restructuring.

NaaS

Key Factors Affecting NaaS’ Results of Operations

Our business and operating results are affected by the general factors that impact our total addressable market, including, among others, the overall economic growth in China and globally, the continuing impact of COVID-19, regulatory, tax and geopolitical environments, and the competitive landscape for EV charging services. Unfavorable changes in any of these general factors could materially and adversely affect the demand for our services and our results of operations.

While our business is influenced by these general factors, we believe our results of operations are more directly affected by specific factors that include the following.

Growth in EV Adoption

Our revenue growth is directly tied to the charging volume completed through its network and heavily dependent on the number of passenger and commercial EVs sold, which we believe drives the demand for charging infrastructure. The market for EVs is rapidly evolving in China. Although China is currently one of the world's major automotive markets, there is no guarantee of such future demand and there have been fluctuations in terms of year-over-year growth in sales volume for passenger vehicles in general as well as for EVs. Factors impacting the adoption of EVs include but are not limited to: perceptions about EV features, quality, safety, performance and cost; perceptions about the limited range over which EVs may be driven on a single battery charge; competition, including from other types of alternative fuel vehicles, plug-in hybrid electric vehicles and high fuel-economy internal combustion engine vehicles; volatility in the cost of oil and gasoline; concerns regarding the stability of the electrical grid; the decline of EV battery's ability to hold a charge over time; availability of services for EVs; consumers' perception about the convenience and cost of charging EVs; and increases in fuel efficiency. In addition, macroeconomic factors, including governmental mandates and incentives, could impact demand for EVs, particularly since they can be more expensive than traditional gasoline-powered vehicles, when the automotive industry globally has been experiencing a recent decline in sales. Further, the continuous impact of the COVID-19 pandemic and geopolitical factors such as the conflict between Ukraine and Russia have impacted and may continue to impact the global automotive supply chain and reduce the manufacturing of automobiles, including EVs. If the market for EVs does not develop as expected or if there is any slow-down or delay in overall EV adoption or manufacturing rates, our financial condition and results of operations would be negatively impacted and such impact may be material.

Competition

We are one of the largest and fastest growing EV charging service providers in China. The EV charging service industry is highly competitive, and the market is expected to become increasingly competitive. We compete on the comprehensiveness of the range of services and solutions offered to station operators and end-users as well as on the quality, performance, features, and prices of the products and services. New demands and preferences continue to emerge from industry participants, and in particular from charging station operators, owners and end-users. Existing competitors may expand their product offerings and sales strategies, and new competitors may enter the market. We will be tested on our ability to forecast and meet shifts in the market and its ability to adapt product and service offerings in a timely manner. If our market share decreases due to increased competition, our financial condition and results of operations in the future may be negatively impacted.

End Users' Usage Pattern

Our revenues are driven by end-users' driving and charging behaviors. The EV market is still developing and current behavioral patterns may not be representative of future behaviors. Key behavioral shifts may include but are not limited to: annual vehicle miles traveled, preferences for urban, suburban or exurban locations, preferences for public or private fast charging, preference for home or workplace charging, demand from rideshare or urban delivery services, and the emergence of autonomous vehicles, micro-mobility and mobility as-a-service platforms requiring EV charging services. All these shifts could change end-users' driving and charging behaviors, which in turn could affect the demand for our services and our results of operations.

Impact of New Solution Releases and Investments in Growth

As we introduce new services and solutions, such as the launch of our full station operation business and non-charging services in July 2020, our gross margins may be initially negatively impacted by launch costs and lower volumes until we achieve targeted cost reductions. Cost reductions may not occur on the timeline we expect. In addition, we may accelerate our expenditures where we see growth opportunities, which may impact gross margin until upfront costs and inefficiencies are absorbed and normalized operations are achieved. Our focus on optimizing for customer and end-user acquisition and prioritizing an assurance of supply of its services and solutions generally results in gross margin pressure, and our strategy is to grow such customer and end-user relationships over time. We also continuously evaluate and may adjust our expenditures based on its launch plans for new services and solutions, as well as other factors including the pace and prioritization of current projects under development and the addition of new projects. As we attain higher revenue, we expect operating expenses as a percentage of total revenue to decrease as we scale and focus on increasing operational efficiency and process automation.

Technology

We rely on numerous internally developed and externally sourced hardware and software technologies to operate our network and generate earnings. We engage third-party vendors for non-proprietary hardware and software components. Our ability to continue to integrate our technology stack with technological advances in the wider EV ecosystem including EV model characteristics, charging standards, charging hardware, software and battery chemistries will affect our sustained competitiveness in offering charging services. With our continued investment in research and development as well as collaboration with third-party vendors, we believe that we are well-positioned to keep abreast of technological advances and allow our business to remain competitive regardless of long-term technological shifts in EVs, batteries or modes of charging.

Impact of COVID-19 on NaaS' Operations and Financial Performance

Our business has been affected by the COVID-19 outbreak. For example, due to slowed economic activities, end-users have become more price-sensitive and we may be required to provide more incentives and expend more resources on marketing activities to help generate more charging transactions for our charging station customers. Further, there is no assurance that lockdowns and other restrictive measures will not be implemented in China in the future. These measures reduced and, if adopted again, will continue to reduce the demand for transportation in general and as a consequence also lower the demand for EV charging services. If significant portions of our workforce are unable to work effectively, including due to illness, quarantines, social distancing, government actions or other restrictions in connection with the COVID-19 pandemic, our operations will be negatively impacted.

Disruptions in the manufacturing, delivery and overall supply chain of vehicle manufacturers and suppliers, such as exacerbated port congestion and intermittent supplier shutdowns and delays, have resulted in additional costs and, to a lesser extent, component shortages, and have led to fluctuations in the growth of EV sales in markets around the world. Any sustained downturn in the demand for EVs would also harm our business. Increased demand for personal electronics has also created a shortfall of semiconductor chips, which has caused additional supply challenges both within and outside of the EV and EV charging industry.

The effect of the COVID-19 pandemic on our business, prospects and results of operations will depend on the direction and duration of current global trends and their sustained impact. Difficult macroeconomic conditions, such as decreases in per capita income and level of disposable income, increased and prolonged unemployment or a decline in consumer confidence as a result of the COVID-19 pandemic, as well as reduced level of transportation activities or lowered spending by businesses, could have a material adverse effect on the demand for our products and services. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry— Our operations have been and may continue to be negatively affected by COVID-19 pandemic."

Key Components of Results of Operations

Net Revenues

NaaS' revenues are generated across various revenue streams. The following table sets forth the components of NaaS' net revenues, both in absolute amount and as a percentage of NaaS' total net revenues, for the periods presented:

	For the year ended December 31,				
	2020		2021		
	(as restated) RMB'000	(as restated) %	(as restated) RMB'000	(as restated) US\$'000	(as restated) %
Net Revenues from Online EV Charging Solutions	5,455	88.5	17,985	2,822	53.8
Net Revenues from Offline EV Charging Solutions	565	9.2	15,102	2,371	45.2
Net Revenues from Non-Charging Solutions and Other Services	143	2.3	366	57	1.1
Net Revenues	6,163	100	33,453	5,250	100

Online EV Charging Solutions. Net revenues from online EV charging solutions constitute the majority of NaaS' total net revenues, accounting for 88.5% and 53.8% of NaaS' total net revenues in 2020 and 2021, respectively. NaaS primarily generates revenues from online EV charging solutions by charging commission fees and membership loyalty program for its mobility connectivity services. NaaS offers incentives through platform (in the form of discounts and promotions) to encourage use of the platform. The incentives granted to end-users include base incentives and excess incentives, with base incentives being the amount of incentives paid to end-users up to the amount of commission fees earned by NaaS from operators on a transaction basis, and excess incentives being the amount of payments made to end-users that exceed the amount of commission fees earned by NaaS from operators on a transaction basis. The base incentives are recorded as reduction to revenue.

Offline EV Charging Solution. NaaS also generates revenues from the sale of offline EV charging solutions to charging station operators and by charging commission fees for services provided for hardware and electricity procurement. Revenue accrued under the full station operation model is also accounted for as revenue from offline EV charging solution.

Non-Charging Solutions and Other Services. Revenues from non-charging solutions and other services consist of fees received from the sale of non-charging solutions and other services such as food and beverage services and from online advertising services.

NaaS expects revenues from online EV charging solutions to grow due to the expansion of its charging network and the increase in its market share. NaaS expects revenues from offline EV charging solutions and non-charging solutions and other services to increase as a result of the recent introduction and planned expansion of its full station operation and hardware procurement businesses.

Cost of Revenues

The following table sets forth the principal components of NaaS' cost of revenues by absolute amount and as a percentage of NaaS' net revenues for the years presented.

	For the year ended December 31,				
	2020		2021		
	(as restated) RMB'000	(as restated) %	(as restated) RMB'000	(as restated) US\$'000	(as restated) %
Cost of revenues:					
Cost of Online EV Charging Solutions	6,376	103.5	15,264	2,395	45.6
Cost of Offline EV Charging Solutions	—	—	13,896	2,181	41.5
Cost of Non-Charging Solutions	171	2.8	427	67	1.3
Total cost of revenues	6,547	106.3	29,587	4,643	88.4

Cost of Online EV Charging Solutions. Cost of online EV charging solutions primarily consists of payment processing costs and cloud server costs and employee benefit expenses.

Cost of Offline EV Charging Solutions. Cost of offline EV charging solutions primarily consists of the depreciation of right-of-use assets, amortization of right-of-use assets, and daily operation costs.

Cost of Non-Charging Solutions. Cost of non-charging solutions mainly represents costs incurred for the renovation of charging stations lounge.

NaaS expects its cost of revenues to increase in conjunction with the expected increase of revenues from its charging solutions and as a result of its business expansion and organic growth.

Operating Expenses

The following table sets forth the components of NaaS' operating expenses, both in absolute amount and as a percentage of NaaS' net revenues, for the periods presented.

	For the year ended December 31,				
	2020		2021		
	(as restated) RMB'000	(as restated) %	(as restated) RMB'000	(as restated) US\$'000	(as restated) %
Operating expenses:					
Selling and marketing expenses	46,458	753.8	193,340	30,339	577.9
Administrative expenses	11,956	194.0	34,458	5,407	103.0
Research and development expenses	17,644	286.3	30,253	4,747	90.4
Total operating expenses	76,058	1,234.1	258,051	40,493	771.3

Selling and marketing expenses. NaaS' selling and marketing expenses primarily consist of online operation expenses, costs of related personnel, advertising expenses, and offline market promotion expenses. Online operation expenses represent incentives through platform (in the form of discounts and promotions) granted to end-users. The incentives granted to end-users include base incentives and excess incentives, with base incentives being the amount of incentives paid to end-users up to the amount of commission fees earned by NaaS from operators on a transaction basis, and excess incentives being the amount of payments made to end-users that exceed the amount of commission fees earned by NaaS from operators on a transaction basis. The excess incentives are included in selling and marketing expenses. NaaS expects its selling and marketing expenses to stabilize and be optimized in the foreseeable future as NaaS continues to scale and improve the efficiency of its selling and marketing efforts.

Administrative expenses. NaaS' administrative expenses mainly comprise staff costs for its employees involved in general corporate functions, facility and office space rentals, professional service fees, as well as other general and administrative expenses. NaaS expects its general and administrative expenses to increase in absolute amount in the foreseeable future as NaaS continues to grow its business and as it starts to incur increased costs in accounting, compliance, reporting and other costs associated with its operation as a subsidiary of a public company.

Research and development expenses. NaaS' research and development expenses primarily consist of salaries and benefits for its technology and product development personnel. NaaS expects its research and development expenses to increase in the foreseeable future as NaaS expands its technology and research and development team and continues to invest in its technology infrastructure.

Results of Operations

The following table sets forth a summary of NaaS' restated combined statements of loss and other comprehensive loss for the years indicated, both in absolute amounts and as percentages of NaaS' net revenues. This information should be read together with NaaS' restated combined financial statements and related notes included elsewhere in this Shell Report on Form 20-F. The results of operations in any period are not necessarily indicative of NaaS' future trends.

	For the year ended December 31,				
	2020		2021		
	(as restated) RMB'000	(as restated) %	(as restated) RMB'000	(as restated) US\$'000	(as restated) %
Net Revenues from Online EV Charging Solutions	5,455	88.5	17,985	2,822	53.8
Net Revenues from Offline EV Charging Solutions	565	9.2	15,102	2,371	45.1
Net Revenues from Non-Charging Solutions and Other Services	143	2.3	366	57	1.1
Net Revenues	6,163	100.0	33,453	5,250	100.0
Other gains, net	319	5.2	138	22	0.4
Operating costs					
Cost of revenues	(6,547)	(106.2)	(29,587)	(4,643)	(88.4)
Selling and marketing expenses	(46,458)	(753.8)	(193,340)	(30,339)	(577.9)
Administrative expenses	(11,956)	(194.0)	(34,458)	(5,407)	(103.0)
Research and development expenses	(17,644)	(286.3)	(30,253)	(4,747)	(90.4)
Total operating costs	(82,605)	(1,340.3)	(287,638)	(45,136)	(859.8)
Operating loss	(76,123)	(1,235.2)	(254,047)	(39,866)	(759.4)
Finance costs	(300)	(4.9)	(1,097)	(172)	(3.3)
Net loss before income tax	(76,423)	(1,240.0)	(255,144)	(40,038)	(762.7)
Income tax expenses	(1,474)	(23.9)	(5,318)	(835)	(15.9)
Net loss for the year	(77,897)	(1,263.9)	(260,462)	(40,873)	(778.6)

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Net Revenues

Net revenues increased significantly from RMB6.2 million in 2020 to RMB33.5 million (US\$5.3 million) in 2021.

Online EV Charging Solutions. Online EV charging revenues increased significantly from RMB5.5 million in 2020 to RMB18.0 million (US\$2.8 million) in 2021. The increase was primarily attributable to an overall increase of charging volume completed through NaaS' network which was in turn driven by the expansion of NaaS' charging network. There were 800 operators on NaaS' network as of the end of 2021, compared with 217 operators as of the end of 2020. NaaS offered incentives through platform (in the form of discounts and promotions) to end-users to boost the use of its network. The base incentives, being the amount of incentives paid to end-users up to the amount of commission fees earned by NaaS from operators on a transaction basis, were recorded as

reduction to revenue and amounted to RMB139.6 million and RMB29.5 million for the year ended December 31, 2021 and 2020, respectively.

Offline EV Charging Solutions. Offline EV charging revenues increased significantly from RMB0.6 million in 2020 to RMB15.1 million (US\$2.4 million) in 2021. The increase was primarily driven by the introduction of hardware procurement business in late 2020, and full station operation business in 2021. Operating revenues generated from full station operation and commission revenues generated from hardware procurement reached RMB11.6 million (US\$1.8 million) and RMB3.0 million (US\$0.5 million) in 2021, respectively.

Non-Charging Solutions and Other Services. Revenues derived from the sale of non-charging solutions and other services increased from RMB0.1 million in 2020 to RMB0.4 million (US\$0.1 million) in 2021, primarily due to the growth of non-charging services and online advertisement business.

Cost of revenues

Cost of Online EV Charging Solutions. Cost of online EV charging solutions increased by 139.4% from RMB6.4 million in 2020 to RMB15.3 million (US\$2.4 million) in 2021, primarily due to the increase in payment processing costs and cloud server costs accompanying the increase in platform transactions.

Cost of Offline EV Charging Solutions. Cost of offline EV charging solutions increased from nil in 2020 to RMB13.9 million (US\$2.2 million) in 2021, primarily due to the introduction of full station operation business in 2021, and the resultant increase in both electricity costs and amortization of right-of-use assets.

Cost of Non-Charging Solutions. Cost of non-charging solutions increased significantly from RMB0.2 million in 2020 to RMB0.4 million (US\$0.1 million) in 2021. The increase was primarily attributable to the increase of costs related to non-charging services such as renovation cost for charging station lounges.

Operating expenses

Operating expenses increased significantly from RMB76.1 million in 2020 to RMB258.1 million (US\$40.5 million) in 2021.

Selling and marketing expenses. Selling and marketing expenses increased by 316.1% from RMB46.5 million in 2020 to RMB193.3 million (US\$30.3 million) in 2021, primarily due to the increase in platform order volumes by 226%. NaaS offered incentives through platform (in the form of discounts and promotions) to end-users to boost the use of its network. The excess incentives, being the amount of payments made to end-users that exceed the amount of commission fees earned by NaaS from operators on a transaction basis, were included in selling and marketing expenses and amounted to RMB105.9 million and RMB23.3 million for the year ended December 31, 2021 and 2020, respectively.

Administrative expenses. Administrative expenses increased by 189.0% from RMB12.0 million in 2020 to RMB34.5 million (US\$5.4 million) in 2021, primarily as a result of (i) the professional service fee incurred in connection with the Mergers totaling RMB8.8 million (US\$1.4 million), and (ii) an increase of RMB10.4 million (US\$1.6 million) in labor cost and an increase of RMB0.8 million (US\$0.1 million) of and rental expenses as a result of the increase in the number of related personnel and in facility and office space rentals as NaaS continued to scale its business.

Research and development expenses. Research and development expenses increased by 71.5% from RMB17.6 million in 2020 to RMB30.3 million (US\$4.7 million) in 2021, primarily due to the increase in salaries and benefits for NaaS' technology and product development personnel by RMB11.9 million (US\$1.9 million).

Finance costs

Finance costs was RMB1.1 million (US\$0.2 million) in 2021 as compared with finance income of RMB0.3 million in 2020. The significant change was primarily attributable to the increase in interest on leasing liability of office building and charging stations.

Income tax expenses

NaaS' income tax expenses increased from RMB1.5 million in 2020 to RMB5.3 million (US\$0.8 million) in 2021, which was mainly consist with IFRIC 23 provisions on corporate income tax.

Net loss for the year

As a result of the foregoing, NaaS recorded loss for the year of RMB260.5 million (US\$40.9 million) in 2021, compared to loss of RMB77.9 million in 2020.

Off Balance Sheet Arrangements

We have not entered into any off-balance sheet financial guarantees or other off-balance sheet commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our restated combined financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an uncombined entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any uncombined entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

B. Liquidity and Capital Resources

RISE

The following table sets forth a summary of RISE's cash flows for the years presented:

	For the Year Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Net cash (used in) continuing operating activities	(20,158)	(18,615)	(29,945)	(4,698)
Net cash (used in) discontinued operating activities	(19,696)	(187,127)	(509,825)	(80,003)
Net cash (used in) operating activities	(39,854)	(205,742)	(539,770)	(84,701)
Net cash generated from continuing investing activities	—	—	15,932	2,500
Net cash (used in) discontinued investing activities	(114,716)	(111,782)	(53,535)	(8,401)
Net cash (used in) investing activities	(114,716)	(111,782)	(37,603)	(5,901)
Net cash (used in) continuing financing activities	(140,732)	(60,674)	(15,841)	(2,486)
Net cash (used in) discontinued financing activities	—	—	(23,308)	(3,658)
Net cash (used in) financing activities	(140,732)	(60,674)	(39,149)	(6,144)
Effect of foreign exchange rate changes	1,342	(5,443)	(6,635)	(1,041)
Net (decrease) in cash, cash equivalents and restricted cash	(293,960)	(383,641)	(623,157)	(97,787)
Cash, cash equivalents and restricted cash at beginning of the year	1,316,785	1,022,825	639,184	100,302
Cash, cash equivalents and restricted cash at the end of the year	1,022,825	639,184	16,027	2,515
Less: Cash, cash equivalents and restricted cash of discontinued operations at the end of the year	998,674	628,806	—	—
Cash, cash equivalents and restricted cash of continuing operations at the end of the year	24,151	10,378	16,027	2,515

Operating activities

Net cash used in operating activities amounted to RMB539.8 million (US\$84.7 million) in 2021, which comprised a net cash outflow in continuing operations of RMB29.9 million (US\$4.7 million) and a net cash outflow in discontinued operations of RMB509.8 million (US\$80.0 million).

Net cash used in operating activities amounted to RMB205.7 million in 2020, which comprised a net cash outflow in continuing operations of RMB18.6 million and a net cash outflow in discontinued operations of RMB187.1 million.

Net cash used in operating activities amounted to RMB39.9 million in 2019, which comprised a net cash outflow in continuing operations of RMB20.2 million and a net cash outflow in discontinued operations of RMB19.7 million.

Investing activities

Net cash used in investing activities amounted to RMB37.6 million (US\$5.9 million) in 2021, which comprised a net cash inflow in continuing operations of RMB15.9 million (US\$2.5 million), representing proceeds from disposal of subsidiaries, and a net cash outflow in discontinued operations of RMB53.5 million (US\$8.4 million).

Net cash used in investing activities amounted to RMB111.8 million in 2020, primarily reflecting a net cash outflow in discontinued operations of RMB111.8 million.

Net cash used in investing activities amounted to RMB114.7 million in 2019, primarily reflecting a net cash outflow in discontinued operations of RMB114.7 million.

Financing activities

Net cash used in financing activities amounted to RMB39.1 million (US\$6.1 million) in 2021, which comprised a net cash outflow in continuing operations of RMB15.8 million (US\$2.5 million), primarily due to the inflow of convertible loan of RMB108.3 million from a related party and a net cash outflow of principal repayments on loans of RMB125.0 million, and a net cash outflow in discontinued operations of RMB23.3 million (US\$3.7 million).

Net cash used in financing activities amounted to RMB60.7 million in 2020, primarily reflecting a net cash outflow in continuing operations of RMB60.7 million.

Net cash used in financing activities amounted to RMB140.7 million in 2019, primarily reflecting a net cash outflow in continuing operations of RMB140.7 million.

NaaS

Cash Flows and Working Capital

The following table sets forth a summary of NaaS' cash flows for the periods presented:

	For the year ended December 31,		
	2020	2021	
	(as restated) RMB'000	(as restated) RMB'000	(as restated) US\$'000
Summary Combined Cash Flow Data:			
Net cash used in operating activities	(56,940)	(219,114)	(34,383)
Net cash used in investing activities	—	(5,606)	(880)
Net cash generated from financing activities	58,481	229,544	36,020
Net increase in cash, cash equivalents, and restricted cash	1,541	4,824	757
Cash, cash equivalents, and restricted cash at beginning of the year	2,124	3,665	575
Cash, cash equivalents, and restricted cash at the end of the year	<u>3,665</u>	<u>8,489</u>	<u>1,332</u>

To date, NaaS has financed its operating and investing activities mainly through cash generated from historical equity financing activities. As of December 31, 2021, NaaS had RMB8.5 million (US\$1.3 million) in cash and cash equivalents, of which 100% were held in RMB. NaaS has also completed its series A financing in January 2022, receiving a total cash consideration of US\$87.3 million. NaaS believes its cash on hand will be sufficient to meet its current and anticipated needs for general corporate purposes for at least the next 12 months.

Operating activities

Net cash used in operating activities was RMB219.1 million (US\$34.4 million) in 2021, which was primarily attributable to a net loss before tax of RMB255.1 million (US\$40.0 million), adjusted for certain non-cash items consisting primarily of (i) the depreciation of right-of-use assets of RMB6.5 million (US\$1.0 million), (ii) credit loss allowances on financial asset of RMB3.2 million (US\$0.5 million), and (iii) non-cash employee benefit expense of share based payment scheme of RMB10.7 million (US\$1.7 million). The adjustment for changes in operating assets and liabilities primarily reflected (i) an increase in other receivables, prepayments and other assets of RMB59.2 million (US\$9.3 million), mainly due to the increase of balance of value-added-tax input receipts to be collected from charging station operators and prepayments to charging stations etc., (ii) an increase in trade receivables of RMB33.6 million (US\$5.3 million), mainly due to the increase in receivables for sales of charging piles, offset by an increase in trade and other payables of RMB101.1 million (US\$15.9 million).

Net cash used in operating activities was RMB56.9 million in 2020, which was primarily attributable to a net loss before income tax of RMB76.4 million, adjusted for certain non-cash items consisting primarily of the depreciation of right-of-use assets of RMB3.5 million. The adjustment for changes in operating assets and liabilities primarily reflected an increase in trade and other payables of

We regard our trademarks, copyrights, know-how, technologies, domain names, and other intellectual property as critical to our success. As of December 31, 2021, NaaS owned 19 registered trademarks worldwide, two copyrights (including copyrights to software products), and six registered domain names that are material to our business.

D. Trend Information

Other than as disclosed elsewhere in this Shell Company Report on Form 20-F, we are not aware of any trends, uncertainties, demands, commitments or events since 2021 that are reasonably likely to have a material adverse effect on our total revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

The preparation of financial statements requires the use of accounting estimates. We need to exercise judgement in applying our accounting policies. We continue to evaluate these estimates and assumptions based on historical experience and other factors, including expectations of future events that may have a financial impact on us and that are believed to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates.

Revenue recognition

For online charging service solutions, we offer effective mobility connectivity services through *Kuaidian* to connect charging station operators and end-users and to facilitate the completion of successful EV charging during 2020 and 2021. The performance obligations for us is to present the charging stations and charging piles on the platform, and provide such information for end-users who visit *Kuaidian*. End-users can select charging stations and charging piles on their own. Upon the completion of an EV charging order, we recognize the service income charged to operators and end-users. We provide services to both charging station operators and end-users pursuant to the relevant agreements, and we perform our obligations vis-a-vis both parties during each transaction. Both charging station operators and end-users are regarded as the customers of our platform services.

Determining whether we are acting as a principal or as an agent when third-party is involved in the provision of certain services to our customers requires judgement and consideration of all relevant facts and circumstances. In evaluating our role as a principal or agent, we consider several factors in determining whether we control the specified goods or service before it is transferred to the customer, including which entity (a) is primarily responsible for fulfilling the contract, (b) is subject to inventory risk, and (c) has discretion in establishing prices.

Measurement of expected credit losses (“ECL”)

A number of significant judgements are required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Selecting appropriate models and assumptions for the measurement of ECL; and
- Establishing the relative probability weightings of forward-looking scenarios.

Significant increase in credit risk

ECL of different financial assets is measured by us on either a 12-month or lifetime basis depending on whether they are in Stage 1, 2 or 3. At each financial position date, the ECL of financial instruments at different stages are measured respectively. 12-month ECL is recognized for financial instruments in Stage 1 which do not have a significant increase in credit risk since initial recognition; lifetime ECL is recognized for financial instruments in Stage 2 which have had a significant increase in credit risk since initial recognition but are not deemed to be credit-impaired; and lifetime ECL is recognized for financial instruments in Stage 3 that are credit-impaired. A financial asset moves to Stage 2 when its credit risk has increased significantly since initial recognition, and it comes to Stage 3 when it is credit-impaired (but it is not purchased original credit impaired). In assessing whether the credit risk of a financial asset has significantly increased, we take into account qualitative and quantitative reasonable and supportable forward-looking information with significant judgements involved.

Impairment assessment under ECL for accounts receivable and other receivables.

We use a provision matrix to calculate ECL for the accounts receivable and other receivables. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the financial position date about past events, current conditions and forecasts of future economic conditions.

At every financial position date, the historical observed default rates are reassessed and changes in the forward-looking information is considered. In addition, accounts receivable with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates.

Inputs, assumptions and estimation techniques

ECL is the discounted product of expected future cash flows by using the Probability of Default (“PD”), Loss Given Default (“LGD”) and Exposure at Default (“EAD”), of which PD and LGD are estimates based on significant management judgement.

Forward-looking information

In measuring ECL in accordance with IFRS 9, it should consider forward-looking information. The calculation of ECL incorporates forward-looking information through the use of publicly available economic data and forecasts based on assumptions and management judgement to reflect the qualitative factors and through the use of multiple probability weighted scenarios.

Item 7. Major Shareholders and Related Party Transactions

B. Related Party Transactions

RISE

See “Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plan.” of our annual report on Form 20-F filed with the SEC on May 13, 2022.

Registration Rights Agreement

RISE entered into a Registration Rights Agreement with the Major Shareholder in June 2022 prior to the consummation of the Mergers to provide certain registration rights with respect to 119,372,236 ordinary shares (and any equity securities issued or issuable with respect to such shares) held by the Major Shareholder as of the date of the agreement (“Registrable Securities”).

Demand Registration Rights. Holders holding at least 20% of the Registrable Securities then outstanding have the right to request that we register all or any portion of their Registrable Securities under the Securities Act. Such holders will be entitled to request an unlimited number of demand registrations for which we will pay all registration expenses, whether or not any such registration is consummated. We have the right to defer filing of a registration statement for a period of not more than 45 days after the receipt of the request of the initiating holders under certain conditions, but we cannot exercise the deferral right more than once in any 12-month period.

Piggyback Registration Rights. If we propose to register any of our equity securities under the Securities Act (except for certain excluded registrations) and the registration form to be used may be used for the registration of Registrable Securities, we include in such piggyback registration all Registrable Securities with respect to which we has received written requests for inclusion therein. If the managing underwriters of any underwritten offering advise us in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, then we will include in such registration, (i) in the event of primary registration, first the securities we propose to sell, second to Registrable Securities requested to be included in such registration pro rata among the requesting holders of such Registrable Securities on the basis of the number of Registrable Securities owned by each such holder, and third other securities requested to be included in such registration, or (ii) in the event of secondary registration, first, securities requested to be included therein by the holders initially requesting such registration, second, Registrable Securities requested to be included in such registration pro rata among the holders of such Registrable Securities on the basis of the number of Registrable Securities owned by each such holder, and (iii) third, other securities requested to be included in such registration, in each case to extent that in the opinion of the underwriters, such securities can be sold without any such adverse effect.

Expenses of Registration. We will bear all registration expenses, other than underwriting discounts, commissions and transfer taxes (if any) attributable to the sale of Registrable Securities, incurred in connection with any demand registration, piggyback registration, shelf offering or underwritten block trade, except in the case of a piggyback registration in which we are selling on our own account.

Termination of Obligations. The rights of any particular holder to require us to register securities pursuant to a Demand Registration shall terminate with respect to such holder when such holder no longer holds any Registrable Securities.

NaaS

Immediately prior to and after the Reorganization, NaaS' EV charging service business in China was primarily carried out by Newlink and its consolidated entities. Newlink and its consolidated entities offered financial support for such business. Pursuant to the Reorganization, NaaS is regarded as continuing operator of such business. The financial support in historical periods due to Newlink and its consolidated entities was waived as contribution from shareholder. Besides, Newlink charged NaaS for services performed by the middle and back office of Newlink after the completion of the Restructuring.

NaaS entered into transactions with its directors and executive officers with respect to certain short-term employee benefits. For the years ended December 31, 2020 and 2021, such short-term employee benefits amounted to RMB1.1 million and RMB2.7 million (US\$0.4 million), respectively.

Newlink granted options to certain of its employees associated with the EV charging service business prior to the Restructuring, which employees were subsequently transferred to NaaS as part of the Restructuring. NaaS recorded an allocation of share-based compensation in 2021 of approximately RMB10.7 million (US\$1.7 million) as result of such options granted.

From January to June 2022, Newlink paid the following amounts on behalf of NaaS (i) RMB17.0 million (US\$2.7 million) as payroll and non-payroll labor expenses; (ii) RMB2.1 million (US\$0.3 million) as rental fees; and (iii) RMB12.4 million (US\$1.9 million) as other expenses. NaaS paid to Newlink totaling RMB20.1 million (US\$3.2 million) from January to June 2022. As of June 30, 2022, a total amount of RMB11.4 million (US\$1.7 million) was due from NaaS to Newlink. In addition, expenses of shared service departments, such as the administrative department, before the completion of the Restructuring were borne by Newlink and were not charged to NaaS.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

The financial statements of RISE Education Cayman Ltd as of and for the years ended December 31, 2019, 2020, and 2021 included with this Shell Company Report on Form 20-F have been prepared in accordance with U.S. GAAP. The restated financial statements of NaaS as of and for the years ended December 31, 2020, and 2021 included with this Shell Company Report on Form 20-F have been prepared in accordance with IFRS.

Legal Proceedings

We are currently not a party to any material legal or administrative proceedings. From time to time, we may be subject to legal, regulatory and/or administrative proceedings relating to third-party and principal intellectual property infringement claims, contract disputes involving suppliers and customers, consumer protection claims, claims relating to data and privacy protection, employment related disputes, unfair competition and other matters in the ordinary course of our business.

Dividend Distributions

We have not paid in the past and do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our board of directors has complete discretion on whether to distribute dividends, subject to our current memorandum and articles of association and applicable laws. In addition, our shareholders may by ordinary resolution declare dividends, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

Holders of our ADSs will be entitled to receive dividends, if any, subject to the terms of the deposit agreement, to the same extent as the holders of our ordinary shares. Cash dividends will be paid to the depository of our ADSs in U.S. dollars, which will distribute them to the holders of ADSs according to the terms of the deposit agreement, including the fees and expenses payable thereunder. Other distributions, if any, will be paid by the depository to the holders of ADSs in any means it deems legal, fair and practical.

We are a holding company incorporated in the Cayman Islands. We principally rely on dividends from our subsidiaries in China for our cash needs. To pay dividends to us, our subsidiaries in China need to comply with the applicable regulations. See “Item 3. Key Information— D. Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.”

B. Significant Changes

Except as disclosed elsewhere in this Shell Company Report on Form 20-F and in other documents filed by us subsequent to the Closing, we have not experienced any significant changes since December 31, 2021.

Item 17. Financial Statements

In lieu of responding to this item, we have responded to Item 18 of this Shell Company Report on Form 20-F.

Item 18. Financial Statements

The (i) audited consolidated financial statements of RISE Education Cayman Ltd, as of and for the years ended December 31, 2019, 2020, and 2021, (ii) the restated audited combined financial statements of NaaS as of and for the years ended December 31, 2020, and 2021, and (iii) the restated pro forma condensed combined statement as of and for the year ended December 31, 2021, each as required under Item 18 is attached hereto starting on page F-1, page F-46, and page P-1, respectively, of this Shell Company Report on Form 20-F. The audited consolidated financial statements of RISE Education Cayman Ltd as of and for the years ended December 31, 2019, 2020, and 2021 have been prepared in accordance with U.S. GAAP. The restated audited combined financial statements of NaaS as of and for the years ended December 31, 2020, and 2021 have been prepared in accordance with IFRS.

Item 19. Exhibits

Exhibit Number	Description of Document
1.1	<u>Amended and Restated Memorandum and Articles of Association of the Registrant</u>
2.1	<u>Form of Registrant's Specimen American Depositary Receipt (included in Exhibit 2.4)</u>
2.2	<u>Registrant's Specimen Certificate for Class A ordinary shares</u>
2.3	<u>Form of Deposit Agreement by the Registrant, the depository and owners and holders of the ADSs (incorporated by reference to Exhibit 4.3 from our registration statement on Amendment No. 2 to Form F-1 (File No. 333-220587) filed publicly with the SEC on October 18, 2017)</u>
2.4	<u>Amendment No.1 to Deposit Agreement dated October 19, 2017 by the Registrant, the depository and owners and holders of the ADS (incorporated by reference to Exhibit (a)(2) to the post-effective amendment to Form F-6 filed publicly with the SEC on May 31, 2022)</u>
4.1	<u>English translation of Purchase Agreement, dated December 1, 2021, among RISE Education Cayman Ltd, Wuhan Xinsili Culture Development Co., Ltd., RISE Education International Limited, Rise (Tianjin) Education Information Consulting Co., Ltd., Beijing Step Ahead Education Technology Development Co., Ltd. and Rise IP (Cayman) Limited (incorporated by reference to Exhibit 99.2 from our report of foreign private issuer on Form 6-K (File No. 001-38235) filed publicly with the SEC on December 1, 2021)</u>
4.2	<u>Share Purchase Agreement, dated December 1, 2021, among RISE Education Cayman Ltd, Rise Education Cayman I Ltd and Bain Capital Rise Education IV Cayman Limited (incorporated by reference to Exhibit 99.3 from our report of foreign private issuer on Form 6-K (File No. 001-38235) filed publicly with the SEC on December 1, 2021)</u>
4.3	<u>Agreement and Plan of Merger, dated February 8, 2022, by and among the Registrant, Dada Merger Sub Limited, Dada Merger Sub II Limited and Dada Auto Inc. (incorporated by reference to Annex A to the proxy statement furnished as Exhibit 99.2 to Current Report on Form 6-K filed publicly with the SEC on April 4, 2022)</u>
4.4	<u>Support Agreement, dated February 8, 2022, by and among the Registrant, Dada Auto Inc. and Bain Capital Rise Education IV Cayman Limited (incorporated by reference to Annex D to the proxy statement furnished as Exhibit 99.2 to Current Report on Form 6-K filed publicly with the SEC on April 4, 2022)</u>
4.5	<u>Amendment to the Support Agreement dated June 10, 2022, by and among the Registrant, Dada Auto Inc. and Bain Capital Rise Education IV Cayman Limited</u>
4.6	<u>Newlink Voting Agreement, dated February 8, 2022, by and among the Registrant, Dada Auto Inc. and Newlinks Technology Limited (incorporated by reference to Annex E to the proxy statement furnished as Exhibit 99.2 to Current Report on Form 6-K filed publicly with the SEC on April 4, 2022)</u>

Exhibit Number	Description of Document
4.7	<u>Newlink Shareholder Voting Agreement, dated February 8, 2022, by and among the Registrant, Dada Auto Inc. and BCPE Nutcracker Cayman, L.P. (incorporated by reference to Annex F to the proxy statement furnished as Exhibit 99.2 to Current Report on Form 6-K, filed publicly with the SEC on April 4, 2022).</u>
4.8	<u>Registration Rights Agreement, dated June 10, 2022, by and between the Registrant and Bain Capital RISE Education IV Cayman Limited</u>
4.9	<u>2022 Share Incentive Plan</u>
4.10	<u>Form of Indemnification Agreement</u>
4.11	<u>Form of Employment Agreement</u>
4.12†	<u>English Translation of Investment Agreement, dated December 31, 2021, by and between Dada Auto Inc. and Newlinks Technology Limited</u>
4.13*†	<u>English Translation of Assets Transfer Agreement on Kuaidian Platforms, dated February 1, 2022, by and between Kuaidian Power (Beijing) New Energy Technology Co., Ltd. and Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd. and the supplemental agreement thereto dated March 13, 2022</u>
4.14†	<u>Series A Share Purchase Agreement, dated January 14, 2022, by and among the Registrant, Dada Auto Inc., Fleetin HK Limited, Zhejiang Anji Intelligent Electronics Holding Co., Ltd., certain major PRC subsidiaries thereto, Kuaidian Power (Beijing) New Energy Technology Co., Ltd., Newlinks Technology Limited, DAI Zhen and certain investors thereto</u>
4.15†	<u>Series A Share Purchase Agreement, dated January 26, 2022, by and among the Registrant, Dada Auto Inc., Fleetin HK Limited, Zhejiang Anji Intelligent Electronics Holding Co., Ltd., certain major PRC subsidiaries thereto, Kuaidian Power (Beijing) New Energy Technology Co., Ltd., Newlinks Technology Limited, DAI Zhen and BCPE Nutcracker Cayman, L.P.</u>
4.16†	<u>Amended and Restated Shareholder’s Agreement, dated March 18, 2022, by and among the Registrant, Dada Auto Inc., Fleetin HK Limited, Zhejiang Anji Intelligent Electronics Holding Co., Ltd., Kuaidian Power (Beijing) New Energy Technology Co., Ltd., certain major PRC subsidiaries thereto, Newlinks Technology Limited, DAI Zhen and certain investors thereto</u>
4.17†	<u>English Translation of Business Cooperation Agreement, dated March 31, 2022, by and between Zhejiang Anji Zhidian Holding Co., Ltd. and Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd.</u>
4.18*†	<u>English Translation of Data Service Agreement, dated February 15, 2023, by and between Zhejiang Anji Zhidian Holding Co., Ltd. and Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd.</u>
4.19*†	<u>English Translation of Charging Business Cooperation Agreement, dated February 15, 2023, by and between Zhejiang Anji Zhidian Holding Co., Ltd. and Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd.</u>
8.1*	<u>List of Principal Subsidiaries of the Registrant</u>
11.1	<u>Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 from our registration statement on Form F-1 (File No. 333-220587) filed publicly with the SEC on September 22, 2017).</u>
15.1*	<u>Consent of BDO China Shu Lun Pan Certified Public Accountants LLP</u>
15.2*	<u>Consent of Centurion ZD CPA & Co., Independent Registered Public Accounting Firm</u>
15.3	<u>Consent of Harney Westwood & Riegels</u>
15.4*	<u>Consent of Jingtian & Gongcheng</u>
15.5*	<u>Consent of King & Wood Mallesons</u>

Exhibit Number	Description of Document
16.1	Letter from Ernst & Young Hua Ming LLP, Independent Registered Public Accounting Firm (incorporated by reference to Exhibit 15.2 to our Annual Report on Form 20-F (File No. 001-38235) filed with the SEC on May 13, 2022).
101.INS*	Inline XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File — the cover page XBRL tags are embedded within the Exhibit 101 Inline XBRL document set

* Filed herewith.

† Portions of this exhibit have been omitted or redacted.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this shell company report on its behalf.

NaaS Technology Inc.

By: /s/ Alex WU

Name: Alex WU

Title: Chief Financial Officer

Date: March 27, 2023

RISE EDUCATION CAYMAN LTD
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DADA AUTO
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Report of Independent Registered Public Accounting Firm

Shareholders and the Board of Directors
RISE Education Cayman Ltd
Grand Cayman, Cayman Islands

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of RISE Education Cayman Ltd and its subsidiaries (“the Company”) as of December 31, 2021, and the related consolidated statement of income/(loss), comprehensive income/(loss), changes in shareholders’ equity, and cash flows for the year ended December 31, 2021, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021, and the results of its operations and its cash flows for the year ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/BDO China Shu Lun Pan Certified Public Accountants LLP

We have served as the Company’s auditor since 2022.

Beijing, China
May 13, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of RISE Education Cayman Ltd

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of RISE Education Cayman Ltd (the “Company”) as of December 31, 2020, the related consolidated statements of income/(loss), comprehensive income/ (loss), changes in shareholders’ equity, and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young Hua Ming LLP

We served as the Company’s auditor from 2017 to 2021.

Beijing, the People’s Republic of China

April 19, 2021 except for Notes 3 and 14, as to which the date is May 13, 2022

RISE EDUCATION CAYMAN LTD

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except share and ADS data and per share and per ADS data)

	As at December 31,		
	2020 RMB	2021 RMB	2021 US\$
ASSETS			
Current assets:			
Cash and cash equivalents	5,134	16,027	2,515
Restricted cash	5,244	—	—
Amounts due from related parties	181	177	28
Prepayments and other current assets	4,509	14,451	2,268
Current assets of discontinued operations (including current assets of the variable interest entity (“VIE”) without recourse to the Company amounting to RMB420,254 and RMB nil as of December 31, 2020 and 2021, respectively)	729,500	—	—
Total current assets	744,568	30,655	4,811
Non-current assets:			
Non-current assets of discontinued operations (including non-current assets of the VIE without recourse to the Company amounting to RMB1,134,372 and RMB nil as of December 31, 2020 and 2021, respectively)	1,681,837	—	—
Total non-current assets	1,681,837	—	—
Total assets	2,426,405	30,655	4,811
LIABILITIES AND SHAREHOLDERS’ EQUITY			
Current liabilities:			
Current portion of long-term loan	226,744	—	—
Accrued expenses and other current liabilities	1,469	8,625	1,353
Current liabilities of discontinued operations (including current liabilities of the variable interest entity (“VIE”) without recourse to the Company amounting to RMB882,038 and RMB nil as of December 31, 2020 and 2021, respectively)	940,142	—	—
Total current liabilities	1,168,355	8,625	1,353
Non-current liabilities:			
Long-term loan	191,397	—	—
Other non-current liabilities	—	2,838	445
Convertible loan from related parties	—	108,334	17,000
Non-current liabilities of discontinued operations (including non-current liabilities of the VIE without recourse to the Company amounting to RMB499,092 and RMB nil as of December 31, 2020 and 2021, respectively)	565,147	—	—
Total non-current liabilities	756,544	111,172	17,445
Total liabilities	1,924,899	119,797	18,798
Commitments and contingencies			
Shareholders’ equity:			
Ordinary shares (US\$0.01 par value; 200,000,000 and 200,000,000 shares authorized, 112,951,232 and 113,030,392 shares issued and outstanding as of December 31, 2020 and 2021, respectively)	6,959	6,964	1,093
Additional paid-in capital	603,173	274,036	43,002
Statutory reserves	105,357	—	—
Accumulated deficit	(260,019)	(403,149)	(63,263)
Accumulated other comprehensive income	39,642	33,007	5,181
Total RISE Education Cayman Ltd shareholders’ equity (deficit)	495,112	(89,142)	(13,987)
Non-controlling interests	6,394	—	—
Total equity (deficit)	501,506	(89,142)	(13,987)
Total liabilities, non-controlling interests and shareholders’ equity	2,426,405	30,655	4,811

The accompanying notes are an integral part of the consolidated financial statements.

RISE EDUCATION CAYMAN LTD

CONSOLIDATED STATEMENTS OF INCOME/(LOSS)

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except share and ADS data and per share and per ADS data)

	For the year ended December 31,			
	2019 RMB	2020 RMB	2021 RMB	2021 US\$
Operating expenses:				
General and administrative	(15,275)	(17,606)	(30,003)	(4,708)
Total operating expenses	(15,275)	(17,606)	(30,003)	(4,708)
Operating loss	(15,275)	(17,606)	(30,003)	(4,708)
Interest income	80	13	2	—
Gain on troubled debt restructuring	—	—	279,097	43,796
Net income/(loss) from continuing operations before income tax expense	(15,195)	(17,593)	249,096	39,088
Net income/(loss) from continuing operations	(15,195)	(17,593)	249,096	39,088
Net income/(loss) from discontinued operations, net of tax	159,755	(123,851)	(507,280)	(79,603)
Net income/(loss)	144,560	(141,444)	(258,184)	(40,515)
Net income/(loss) from continuing operations attributable to non-controlling interests	—	—	—	—
Loss from discontinued operations attributable to non-controlling interests	(3,540)	(9,011)	(9,697)	(1,522)
Less: Net loss attributable to non-controlling interests	(3,540)	(9,011)	(9,697)	(1,522)
Net income/(loss) attributable to RISE Education Cayman Ltd	148,100	(132,433)	(248,487)	(38,993)
Net income/(loss) from continuing operations attributable to RISE Education Cayman Ltd	(15,195)	(17,593)	249,096	39,088
Net income/(loss) from discontinued operations attributable to RISE Education Cayman Ltd, net of tax	163,295	(114,840)	(497,583)	(78,081)
Net income/(loss) attributable to RISE Education Cayman Ltd	148,100	(132,433)	(248,487)	(38,993)
Net income/(loss) per share - Basic:				
Continuing operations	(0.13)	(0.15)	2.21	0.35
Discontinued operations	1.44	(1.02)	(4.41)	(0.69)
Total net income/(loss) per share - Basic	1.31	(1.17)	(2.20)	(0.34)
Net income/(loss) per share - Diluted:				
Continuing operations	(0.13)	(0.15)	2.21	0.35
Discontinued operations	1.42	(1.02)	(4.41)	(0.69)
Total net income/(loss) per share - Diluted	1.29	(1.17)	(2.20)	(0.34)
Net income/(loss) per ADS*- Basic:				
Continuing operations	(0.26)	(0.31)	4.42	0.70
Discontinued operations	2.88	(2.04)	(8.82)	(1.38)
Total net income/(loss) per ADS - Basic	2.62	(2.35)	(4.40)	(0.68)
Net income/(loss) per ADS* - Diluted:				
Continuing operations	(0.25)	(0.31)	4.42	0.70
Discontinued operations	2.84	(2.04)	(8.82)	(1.38)
Total net income/(loss) per ADS - Diluted	2.59	(2.35)	(4.40)	(0.68)
Shares used in net income/(loss) per share computation				
Basic	113,187,721	112,813,031	112,868,532	112,868,532
Diluted	114,464,108	112,813,031	112,868,532	112,868,532

*1 ADS represents 2 ordinary shares

The accompanying notes are an integral part of the consolidated financial statements.

RISE EDUCATION CAYMAN LTD

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except share and ADS data and per share and per ADS data)

	For the year ended December 31,			
	2019 RMB	2020 RMB	2021 RMB	2021 US\$
Net income/(loss)	144,560	(141,444)	(258,184)	(40,515)
Other comprehensive income/(loss), net of tax of nil:				
Foreign currency translation adjustments	(1,542)	(1,275)	(6,635)	(1,041)
Other comprehensive income/(loss)	(1,542)	(1,275)	(6,635)	(1,041)
Comprehensive income/(loss)	143,018	(142,719)	(264,819)	(41,556)
Less: comprehensive income (loss) attributable to non-controlling interests	(3,540)	(9,011)	(9,697)	(1,522)
Comprehensive income/(loss) attributable to RISE Education Cayman Ltd	146,558	(133,708)	(255,122)	(40,034)

The accompanying notes are an integral part of the consolidated financial statements.

RISE EDUCATION CAYMAN LTD

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US\$"),
except share and ADS data and per share and per ADS data)

	Ordinary shares (Number)	Ordinary Shares (Amount)	Additional paid-in capital	Treasury shares	Statutory reserves	Accumulated deficit	Accumulative other comprehensive income/(loss)	Total RISE Education Cayman Ltd shareholder's equity	Non- controlling interests	Total shareholders' equity
Balance at January 1, 2019	113,779,244	7,074	600,011	(23,460)	78,345	(248,674)	42,459	455,755	(14,921)	440,834
Net income	—	—	—	—	—	148,100	—	148,100	(3,540)	144,560
Acquisition of subsidiary	—	—	—	—	—	—	—	—	33,866	33,866
Share-based compensation	—	—	47,889	—	—	—	—	47,889	—	47,889
Issuances in relation to share option exercise	468,384	32	4,615	—	—	—	—	4,647	—	4,647
Other comprehensive income	—	—	—	—	—	—	(1,542)	(1,542)	—	(1,542)
Repurchase of ordinary shares*	(1,492,308)	—	—	(45,953)	—	—	—	(45,953)	—	(45,953)
Retirement of treasury shares*	—	(160)	(69,253)	69,413	—	—	—	—	—	—
Appropriation of statutory reserves	—	—	—	—	26,485	(26,485)	—	—	—	—
Balance at December 31, 2019	112,755,320	6,946	583,262	—	104,830	(127,059)	40,917	608,896	15,405	624,301
Net loss	—	—	—	—	—	(132,433)	—	(132,433)	(9,011)	(141,444)
Share-based compensation	—	—	17,999	—	—	—	—	17,999	—	17,999
Issuances in relation to share option exercise	195,912	13	1,912	—	—	—	—	1,925	—	1,925
Other comprehensive income	—	—	—	—	—	—	(1,275)	(1,275)	—	(1,275)
Appropriation of statutory reserves	—	—	—	—	527	(527)	—	—	—	—
Balance at December 31, 2020	112,951,232	6,959	603,173	—	105,357	(260,019)	39,642	495,112	6,394	501,506

* In November 2018, the Board of Directors approved share repurchase program to purchase up to US\$30,000 of the Company's ordinary shares. As of December 31, 2019, pursuant to the share repurchase program, the Company repurchased 1,158,741 outstanding ADS representing 2,317,482 outstanding ordinary shares for an aggregated purchase price of RMB69,413. All shares repurchased were retired as of December 31, 2019 (Note 2).

RISE EDUCATION CAYMAN LTD

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US\$"),
except share and ADS data and per share and per ADS data)

	Ordinary shares (Number)	Ordinary Shares (Amount)	Additional paid-in capital	Treasury shares	Statutory reserves	Accumulated deficit	Accumulative other comprehensive income/(loss)	Total RISE Education Cayman Ltd shareholder's equity	Non- controlling interests	Total shareholders' equity
Balance at December 31, 2020	112,951,232	6,959	603,173	—	105,357	(260,019)	39,642	495,112	6,394	501,506
Net loss	—	—	—	—	—	(248,487)	—	(248,487)	(9,697)	(258,184)
Share-based compensation	—	—	9,537	—	—	—	—	9,537	—	9,537
Issuances in relation to share option exercise	79,160	5	807	—	—	—	—	812	—	812
Other comprehensive income	—	—	—	—	—	—	(6,635)	(6,635)	—	(6,635)
Appropriation of statutory reserves	—	—	—	—	1,565	(1,565)	—	—	—	—
Disposal of RISE IP&RISE HK	—	—	(339,481)	—	—	—	—	(339,481)	—	(339,481)
Disposal of WFOE	—	—	—	—	(106,922)	106,922	—	—	3,303	3,303
Balance at December 31, 2021	113,030,392	6,964	274,036	—	—	(403,149)	33,007	(89,142)	—	(89,142)
Balance at December 31, 2021 (US\$)	113,030,392	1,093	43,002	—	—	(63,263)	5,181	(13,987)	—	(13,987)

RISE EDUCATION CAYMAN LTD

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),
except share and ADS data and per share and per ADS data)

	For the year ended December 31,			
	2019 RMB	2020 RMB	2021 RMB	2021 US\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income/(loss) from continuing operations	(15,195)	(17,593)	249,096	39,088
Gain on troubled debt restructuring	—	—	(279,097)	(43,796)
Changes in operating assets and liabilities:				
Prepayments and other current assets	(5,946)	1,437	(9,942)	(1,560)
Accrued expenses and other current liabilities	983	(2,459)	7,160	1,125
Other non-current liabilities	—	—	2,838	445
Net cash (used in) continuing operating activities	(20,158)	(18,615)	(29,945)	(4,698)
Net cash (used in) discontinued operating activities	(19,696)	(187,127)	(509,825)	(80,003)
Net cash (used in) operating activities	(39,854)	(205,742)	(539,770)	(84,701)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of subsidiaries	—	—	15,932	2,500
Net cash generated from continuing investing activities	—	—	15,932	2,500
Net cash (used in) discontinued investing activities	(114,716)	(111,782)	(53,535)	(8,401)
Net cash (used in) investing activities	(114,716)	(111,782)	(37,603)	(5,901)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repurchase of ordinary shares	(48,047)	—	—	—
Principal repayments on loans	(97,332)	(62,599)	(124,987)	(19,613)
Proceeds from exercise of share options	4,647	1,925	812	127
Convertible loan from related party	—	—	108,334	17,000
Net cash generated used in continuing financing activities	(140,732)	(60,674)	(15,841)	(2,486)
Net cash (used in) discontinued financing activities	—	—	(23,308)	(3,658)
Net cash (used in) financing activities	(140,732)	(60,674)	(39,149)	(6,144)
Effects of exchange rate changes	1,342	(5,443)	(6,635)	(1,041)
Net decrease in cash, cash equivalents and restricted cash	(293,960)	(383,641)	(623,157)	(97,787)
Cash, cash equivalents and restricted cash at beginning of the year	1,316,785	1,022,825	639,184	100,302
Cash, cash equivalents and restricted cash at the end of the year	1,022,825	639,184	16,027	2,515
Less: Cash, cash equivalents and restricted cash of discontinued operations at the end of the year	998,674	628,806	—	—
Cash, cash equivalents and restricted cash of continuing operations at the end of the year	24,151	10,378	16,027	2,515
Supplemental disclosures of cash flow information of continuing operations:				
Cash and cash equivalents	14,043	5,134	16,027	2,515
Restricted cash	10,108	5,244	—	—

The accompanying notes are an integral part of the consolidated financial statements.

RISE EDUCATION CAYMAN LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”))
except share and ADS data and per share and per ADS data)
RISE EDUCATION CAYMAN LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”))
except share and ADS data and per share and per ADS data)

1. ORGANIZATION AND BASIS OF PRESENTATION

RISE Education Cayman Ltd (the “Company”) is a limited company incorporated in the Cayman Islands under the laws of Cayman Islands on July 16, 2013.

The Company does not conduct any substantive operations on its own but instead conducts its primary business operations through its wholly-owned subsidiaries, the variable interest entity (the “VIE”), and the VIE’s subsidiaries and schools, which are located in the People’s Republic of China (the “PRC” or “China”) and Hong Kong Special Administration Region (“Hong Kong”). The VIE, the VIE’s subsidiaries and schools, hereinafter are collectively referred to as the “VIEs”. The accompanying consolidated financial statements include the financial statements of the Company, its wholly-owned subsidiaries and the VIEs (hereinafter collectively referred to as the “Group”). As of December 31, 2021, the Group only includes the Company, and the other two wholly-owned subsidiaries registered in the Cayman Islands.

The Group was principally engaged in the business of providing junior ELT services in China primarily under the “RISE” brand. The Group offered wide range of educational programs, services and products, consisting primarily of educational courses, sale of course materials, franchise services, and study tours.

On December 1, 2021, the Company, Wuhan Xinsili Culture Development Co., Ltd. (the “Buyer SPV”), Rise (Tianjin) Education Information Consulting Co., Ltd. (“WFOE”), Beijing Step Ahead Education Technology Development Co., Ltd. (“VIE”), RISE Education International Limited (“Rise HK”) and Rise IP (Cayman) Limited (“Rise IP”) entered into a purchase agreement (the “WFOE Purchase Agreement”). The Buyer SPV is a newly-formed limited liability company controlled by the buyer consortium (the “Buyer Consortium”) consisting of certain franchisees of the Company and an affiliate of the Company’s senior management, who are PRC nationals.

Pursuant to the WFOE Purchase Agreement, the Company has agreed to, through Rise HK, sell all of the equity interests in WFOE to the Buyer Consortium (the “WFOE Sale”), in consideration of the Buyer Consortium (i) paying to Rise HK a nominal consideration, and (ii) assuming all liabilities of WFOE and its subsidiaries. Conditions precedent to the WFOE Sale include, among others, (i) Rise HK and Rise IP shall grant WFOE or other entities designated by the Buyer Consortium a royalty-free, perpetual, irrevocable and exclusive license over all intellectual property rights owned by or licensed to Rise HK and/ or Rise IP, (ii) RISE HK shall make an additional capital contribution to WFOE in US dollars equivalent of RMB20,000, and (iii) the lenders (the “Lenders”) of the facilities agreement dated March 18, 2021 relating to the term and revolving facilities of up to an aggregate amount of US\$80,000 (the “Facilities Agreement”) shall have released the applicable guarantees, obligations and equity pledges provided by WFOE and VIE. In addition, the Buyer SPV and its affiliates warrant that they will have no less than RMB100,000 at the closing of the WFOE Sale to fund the business operations of WFOE and its subsidiaries after completion of the Sale.

On the same day, the Company entered into a share purchase agreement (the “IP Holdco Purchase Agreement”) with Rise Education Cayman I Ltd (the “IP Seller”) and Bain Capital Rise Education IV Cayman Limited, a major shareholder of the Company (the “Shareholder”). The IP Seller is also the borrower (the “Borrower”) under the Facilities Agreement. Pursuant to the IP Holdco Purchase Agreement, the Company and the IP Seller have agreed to sell all of the equity interests in Rise HK and Rise IP to the Shareholder in consideration of the Shareholder (i) on behalf of the Borrower, paying US\$2,500 to the Lenders in settlement of the Facilities Agreement, and (ii) causing Rise HK and Rise IP to grant WFOE or other entities designated by the Buyer Consortium a royalty-free, perpetual, irrevocable and exclusive license over all intellectual property rights owned by or licensed to Rise HK and/or Rise IP (the “IP Sale”, and together with the WFOE Sale, the “Sale”). The IP Sale is subject to, among other customary conditions precedent, the completion of the WFOE Sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

1. ORGANIZATION AND BASIS OF PRESENTATION (Continued)

In connection with the Sale, the Borrower, WFOE, VIE and the Shareholder and certain other parties entered into a settlement agreement (the “Settlement Agreement”) with the Lenders on December 1, 2021. Under the Settlement Agreement, the Lenders agreed to (i) acknowledge and consent to the Sale, (ii) discharge and release all liabilities and obligations of the Company and its subsidiaries under the Facilities Agreement in the amount of approximately US\$55,746; (iii) terminate, release and discharge all security interest, guarantee and indemnity created in connection with the Facilities Agreement; and (iv) waive, release and discharge all claims arising from or in connection with the Facilities Agreement, in exchange for (i) an aggregate amount of approximately US\$10,377, and (ii) the transfer of all interest in the Edge business (the “Edge Business”) that offers admission consulting, academic tutoring and test preparation services in Hong Kong and Singapore for students who intend to study abroad to a person nominated by the Lenders, and the obligation of the Borrower and the Shareholder to use their respective reasonable endeavors to run and manage the sale of the Edge Business to a third party for the 12 months following completion of the settlement contemplated under the Settlement Agreement (the “Settlement”). The Settlement is subject to, among other customary conditions precedent, the credit approval for each Lender, which the Lenders undertake to take all reasonable actions and steps required to obtain on or before December 17, 2021.

In order for the Company to make the settlement payment under the Settlement Agreement, make an additional capital contribution to WFOE pursuant to the WFOE Purchase Agreement and pay for certain operating expenses, the Company entered into a convertible loan deed with the Shareholder on December 1, 2021 (the “Convertible Loan Deed”), pursuant to which the Shareholder will provide an interest-free convertible loan of US\$17,000 to the Company for a period of 360 days, convertible into ordinary shares of the Company at US\$0.35 per share, or US\$0.70 per ADS, representing a premium of 10% over the volume weighted average closing price of the Company’s ADSs (each representing two ordinary shares) published on the relevant page on Bloomberg that shows such price on each day for a period of ten trading days prior to the date of the Convertible Loan Deed (the “Convertible Loan”). In addition, at any time prior to the date falling 30 days after the date of the Convertible Loan Deed (the “Solicitation Period”), the Company has the right to solicit and raise alternative financing and prepay any drawn portion of the Convertible Loan and cancel any undrawn portion of the Convertible Loan in full with proceeds from such alternative financing. The Shareholder shall not have the right to convert the Convertible Loan during the Solicitation Period.

On December 30, 2021, the Company has closed the “Sale”, in which, the Company has sold (i) all of the equity interests in Rise (Tianjin) Education Information Consulting Co., Ltd. to Wuhan Xinsili Culture Development Co., Ltd. on December 28, 2021; and (ii) all of the equity interests in RISE Education International Limited and Rise IP (Cayman) Limited to Bain Capital Rise Education IV Cayman Limited on December 30, 2021. Upon completion of the Sale, the Company has, through its subsidiaries, sold substantially all its assets and becomes a “public shell”.

In connection with the Sale, on December 30, 2021, the settlement (“Settlement”) with the lenders (“Lenders”) of the facilities agreement dated March 18, 2021 relating to the term and revolving facilities of up to an aggregate amount of US\$80,000 has also been completed. As part of the Settlement, all interest in the Edge business that offers admission consulting, academic tutoring and test preparation services in Hong Kong and Singapore for students who intend to study abroad has been transferred to a person nominated by the Lenders.

As of December 31, 2021, details of the Company’s subsidiaries are as follows:

Name	Date of establishment	Place of establishment	Percentage of equity interest attributable to the Company	Principal activity
Subsidiaries of the Company:				
RISE Education Cayman III Ltd (“Cayman III”)	July 29, 2013	Cayman Islands	100 %	Investment holding
RISE Education Cayman I Ltd (“Cayman”)	June 19, 2013	Cayman Islands	100 %	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

1. ORGANIZATION AND BASIS OF PRESENTATION (Continued)***Basis of presentation***

The consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Going concern

The Group has adopted ASC 205-40, Presentation of Financial Statements—Going Concern, which requires that management evaluate whether there are relevant conditions and events that, in the aggregate, raise substantial doubt about the entity’s ability to continue as a going concern and to meet its obligations as they become due within one year after the date that the consolidated financial statements are issued.

During the year ended December 31, 2021, the Company has, through its subsidiaries, sold substantially all its assets and becomes a “public shell”. That means there will be no revenues, but operating expenses incurred in the future. As of December 31, 2021, although the Group had a working capital surplus of RMB22.0 million, cash and cash equivalents of RMB16.0 million, but there is still legal fee, audit fee and other miscellaneous fee incurred for the services of the 2021 financial statement during the first half year of 2022. Therefore, these conditions considered in aggregate that raise substantial doubt regarding the Group’s ability to continue as a going concern within one year after the date on which the financial statements of 2021 are issued.

The Group has plans in place to involve new operating business, and began exploring strategic alternatives, including business combinations. On February 8, 2022, the Company and Dada Auto Inc. (“NaaS”), a leading operation and technology provider serving China’s electric vehicle charging market, executed a definitive Agreement and Plan of Merger (the “Merger Agreement”), pursuant to which the shareholders of NaaS will exchange all of the issued and outstanding share capital of NaaS for newly issued shares of the Company on the terms and conditions set forth therein in a transaction exempt from the registration requirements under the Securities Act of 1933 (the “Transaction”). Upon consummation of the Transaction, NaaS will become a wholly-owned subsidiary of the Company. On April 29, 2022, the Company’s extraordinary general meeting of shareholders (the “EGM”) was held. At the EGM, shareholders approved, through a special resolution, the transactions contemplated in the Merger Agreement.

The Company and NaaS anticipate that the Transaction will be completed around mid-2022, subject to the satisfaction of closing conditions set forth in the Merger Agreement, including among other things, receipt of Company shareholder approval and regulatory approvals, including necessary PRC regulatory approvals (if applicable) and the continuous listing of the Company on the Nasdaq.

After considering management’s plans, it is probable that the Merger with NaaS will be effectively implemented and would bring sufficient funding for the Company to continue as a going concern. Therefore, substantial doubt about the Group’s ability to continue as a going concern is alleviated.

The Group’s consolidated financial statements have been prepared in accordance with U.S. GAAP on a going concern basis. The going concern basis assumes that assets are realized and liabilities are extinguished in the ordinary course of business at amounts disclosed in the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES***Principles of consolidation***

The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the VIEs. All significant inter-company transactions and balances between the Company, its subsidiaries and the VIEs have been eliminated upon consolidation. Results of subsidiaries, businesses acquired from third parties and the VIEs are consolidated from the date on which control is obtained by the Company.

The Company deconsolidates its subsidiaries or business in accordance with ASC 810 as of the date the Company ceased to have a controlling financial interest in the subsidiaries. The Company accounts for the deconsolidation of its subsidiaries or business by recognizing a gain or loss in net income/loss attributable to the Company in accordance with ASC 810. This gain or loss is

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

measured at the date the subsidiaries are deconsolidated as the difference between (a) the aggregate of the fair value of any consideration received, the fair value of any retained non-controlling interest in the subsidiaries being deconsolidated, and the carrying amount of any non-controlling interest in the subsidiaries being deconsolidated, including any accumulated other comprehensive income/loss attributable to the non-controlling interest, and (b) the carrying amount of the assets and liabilities of the subsidiaries being deconsolidated.

The Company assesses whether a deconsolidation is required to be presented as discontinued operations in its consolidated financial statements on the deconsolidation date. This assessment is based on whether or not the deconsolidation represents a strategic shift that has or will have a major effect on the Company’s operations or financial results. If the Company determines that a deconsolidation requires presentation as a discontinued operation on the deconsolidation date, or at any point during the one-year period following such date, it will present the former subsidiary as a discontinued operation in current and comparative period financial statements.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenue and expenses in the consolidated financial statements and accompanying notes. Significant accounting estimates reflected in the Group’s consolidated financial statements include valuation allowance for deferred tax assets, uncertain tax positions, the initial valuation of the assets acquired and liabilities assumed and non-controlling interest in a business combination, fair values of certain debt and equity investments, economic lives and impairment of long-lived assets, impairment of goodwill, standalone selling prices of performance obligations of revenue contracts, accounts receivable and contract assets allowances, measurement of right-of-use assets and lease liabilities and share-based compensation. Actual results could differ from those estimates.

Convenience translation

Amounts in the United States Dollars (“US\$”) are presented for the convenience of the reader and are translated at the noon buying rate of RMB6.3726 per US\$1.00 on December 30, 2021 in the City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into US\$ at such rate.

Foreign currency

The functional currency of the Company, its Cayman subsidiaries and Rise HK are the US\$, the functional currency of Edge Franchising and Edge Online Co. Limited are the Hong Kong Dollars (“HK\$”). The Company’s PRC subsidiaries and the VIEs determined their functional currency to be Renminbi (the “RMB”). The Group uses the RMB as its reporting currency.

Each entity in the Group maintains its financial records in its own functional currency. Transactions denominated in foreign currencies are measured at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are remeasured at the exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in foreign currency are remeasured using the exchange rates at the dates of the initial transactions. Exchange gains and losses are included in the consolidated statements of (loss)/income.

The Company uses the average exchange rate for the year and the exchange rate at the balance sheet date to translate the operating results and financial position, respectively. Translation differences are recorded in accumulated other comprehensive income, a component of shareholders’ equity.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments which are unrestricted as to withdrawal or use, and which have original maturities of three months or less when purchased.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
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Restricted cash

Restricted cash primarily represents deposits held in a designated bank account as security for the interest and principal payments within one year on the Group’s long-term loan; and deposits restricted as to withdrawal or use under government regulations.

In November 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-18, *Statement of Cash Flows* (Topic 230): Restricted Cash, which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts presented in the statement of cash flows. The Group adopted the new standard effective January 1, 2018, using the retrospective transition method. All restricted cash was presented on the face of the consolidated balance sheet as “Restricted cash.”

Investments - Discontinued OperationsShort-term investments

The Group’s short-term investments comprise primarily of cash deposits at floating rates based on daily bank deposit rates with original maturities ranging from over three months to six months.

Long-term investment

The Group’s long-term investment is an equity investment in unlisted company based in the PRC over which the Group neither has significant influence nor control through investment in common stock or in-substance common stock.

The Group adopted ASC 321, Investments — Equity Securities (“ASC 321”) on January 1, 2018, pursuant to which, equity investments with readily determinable fair value, except for those accounted for under the equity method, those that result in consolidation of the investee and certain other investments, are measured at fair value, and any changes in fair value are recognized in earnings. For equity securities without readily determinable fair value and do not qualify for the existing practical expedient in ASC 820, Fair Value Measurements and Disclosures (“ASC 820”) to estimate fair value using the net asset value per share (or its equivalent) of the investment, the Group elected to use the measurement alternative to measure all its investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer, if any.

The Group makes a qualitative assessment of whether the equity investment is impaired at each reporting date. If a qualitative assessment indicates that the investment is impaired, the Group has to estimate the investment’s fair value in accordance with the principles of ASC 820. If the fair value is less than the investment’s carrying value, the Group has to recognize an impairment loss in the consolidated statements of income/(loss) equal to the difference between the carrying value and fair value. As stipulated in the investment agreement, the Group contributed an additional RMB4,000 to the equity investee in 2020. The Group recognized impairment charge of nil, RMB37,000 and nil for the year 2019, 2020 and 2021, respectively. There were also no unrealized gains (upward adjustments) or losses (downward adjustments), excluding impairment resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer during the periods presented.

Inventories - Discontinued Operations

Inventories are finished goods and mainly comprised of textbooks and other educational study tools (“course materials”). Course materials are stated at the lower of cost or market. Cost is determined using the weighted average cost method. As of December 31, 2019, 2020 and 2021, the Group did not have any provision for inventories.

Property and equipment - Discontinued Operations

Property and equipment is stated at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight line basis over the following estimated useful lives:

Electronic equipment

3 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Furniture	3 – 5 years
Vehicles	4 years
Leasehold improvements	Shorter of the lease term or estimated useful life

Repair and maintenance costs are charged to expense as incurred, whereas the cost of renewals and betterments that extend the useful lives of property and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the cost and accumulated depreciation from the asset and accumulated depreciation accounts with any resulting gain or loss reflected in the consolidated statements of (loss)/income.

Direct costs that are related to the construction of property and equipment, and incurred in connection with bringing the assets to their intended use are capitalized as construction in progress. Construction in progress is transferred to specific property and equipment, and the depreciation of these assets commences when the assets are ready for their intended use.

Segment reporting

In accordance with ASC 280, Segment Reporting, operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”), or decision making group, in deciding how to allocate resources and in assessing performance. The Group has only one reportable segment since the Group does not distinguish revenues, costs and expenses by operating segments in its internal reporting, and reports costs and expenses by nature as a whole. The Group’s CODM, who has been identified as the Chief Executive Officer of the Group, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. The Group does not distinguish among markets or segments for the purpose of internal reports. Substantially all of the Group’s revenues for the years ended December 31, 2019, 2020 and 2021 were generated from the PRC. As of December 31, 2020, a majority of the long-lived assets of the Group are located in the PRC, and therefore, no geographical segments are presented. At the end of December 2021, the Group disposed all of the assets located in the PRC.

Troubled Debt Restructuring

The Group accounts for a debt amendment as a troubled debt restructuring when the transaction meets the two criteria: 1) The Group was experiencing financial difficulties; 2) the lender was granting a concession when the effective borrowing rate on the restructured debt is less than the effective borrowing on the original debt. If future undiscounted cash flows is greater than the net carrying value of the original debt, no gain is recognized, and a new effective interest rate is established based on the carrying value of the original debt and the revised cash flows. If future undiscounted cash flows is less than the net carrying value of the original debt, the difference between future undiscounted cash flows and the net carrying value of the original debt is recognized as gain on troubled debt restructuring, and the carrying value of the debt is adjusted to the future undiscounted cash flow amount. According to ASC 205-20-45, when the debt will be not assumed by the buyer in the transaction and is required to be repaid as a result of the disposal, the interest cost on the debt should be allocated to discontinued operations and the debt should be allocated to continuing operations. For the year ended December 31, 2021, the Company recognized gain on debt distinguishment of RMB279,097 (US\$43,796) in continuing operations.

Non-controlling interests – Discontinued Operations

For certain subsidiaries of the VIE, a non-controlling interest is recognized to reflect the portion of their equity which is not attributable, directly or indirectly, to the Group. Consolidated net (loss)/income on the consolidated statements of (loss)/income, includes the net loss attributable to non-controlling interests. The cumulative results of operations attributable to non-controlling interests are recorded as non-controlling interests in the Group’s consolidated balance sheets.

Goodwill – Discontinued Operations

The Group assesses goodwill for impairment in accordance with ASC 350-20, *Intangibles—Goodwill and Other: Goodwill* (“ASC 350-20”), which requires that goodwill be tested for impairment at the reporting unit level at least annually and more frequently upon the occurrence of certain events, as defined by ASC 350-20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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There was only one reporting unit (that also represented the operating segment) as of December 31, 2020 and 2021, respectively. Goodwill was allocated to the one reporting unit as of December 31, 2020 and 2021, respectively. The Group has the option to assess qualitative factors first to determine whether it is necessary to perform the two-step test in accordance with ASC 350-20. If the Group believes, as a result of the qualitative assessment, that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, the two-step quantitative impairment test described above is required. Otherwise, no further testing is required. In the qualitative assessment, the Group considers primary factors such as industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations.

On January 1, 2020, the Group adopted ASU No. 2017-04, Simplifying the Test for Goodwill Impairment, which simplifies the accounting for goodwill impairment by eliminating Step two from the goodwill impairment test. Under the new guidance, if the fair value of a reporting unit exceeds its carrying amount, goodwill is not impaired and no further testing is required. If the fair value of a reporting unit is less than the carrying value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. For the years ended December 31, 2019, 2020 and 2021, the Group recorded RMB nil, RMB nil and RMB nil impairment loss on goodwill respectively related to continuing operations, and RMB nil, RMB nil and RMB nil were related to discontinued operations for the years ended December 31, 2019, 2020 and 2021, respectively. Under ASC 810-10, when a reporting unit is to be disposed of in its entirety, the entity must include in the reporting unit’s carrying amount the goodwill of that reporting unit in determining the gain or loss on disposal. The goodwill derecognized is no longer assigned to a reporting unit for purposes of impairment testing. As refer to Note 1, upon completion of the Sale, the Company has, through its subsidiaries, sold substantially all its assets. Therefore, the management of the Company did not perform goodwill impairment test at the end of December 31, 2021.

Intangible assets - Discontinued Operations

Intangible assets with finite lives are carried at cost less accumulated amortization. Amortization of finite-lived intangible assets except for student base is computed using the straight-line method over the estimated useful lives. Student base is amortized using an accelerated pattern based on the estimated student attrition rate of the acquired schools. The estimated useful lives of intangible assets from the date of purchase are as follows:

Category	Estimated Useful Life
Courseware license	15 years
Franchise agreements	2.5-3 years
Student base	3-5 years
Trademarks	10-15 years
Purchased software	3-5 years
Licensed copyright	The shorter of contractual terms or estimated useful lives of the assets
Teaching course materials	10 years

Impairment of long-lived assets other than goodwill – Discontinued Operations

The Group evaluates its long-lived assets, including fixed assets, intangible assets and operating lease right-of-use assets with finite lives, for impairment whenever events or changes in circumstances, such as a significant adverse change to market conditions that will impact the future use of the assets, indicate that the carrying amount of an asset may not be fully recoverable. When these events occur, the Group evaluates the recoverability of long-lived assets by comparing the carrying amount of the assets to the future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss based on the excess of the carrying amount of the assets over their fair value. Fair value is generally determined by discounting the cash flows expected to be generated by the assets, when the market prices are not readily available. As of December 31, 2021, there was a full impairment of RMB4,069 (US\$639) for partial intangible assets related to discontinued operations as the Group decided such intangible assets do not satisfy its current need and cannot accommodate the Group’s future strategy and thus the Group cannot benefit from existing implementation work nor re-sell/sublicense the license or work to others, which was recorded in other income, net.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Business Combinations

The Group accounts for business combinations using the purchase method of accounting in accordance with ASC 805, *Business Combinations*. The purchase method accounting requires that the consideration transferred be allocated to the assets, including separately identifiable assets and liabilities the Group acquired, based on their estimated fair values. The consideration transferred in an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred, and equity instruments issued as well as the contingent considerations and all contractual contingencies as of the acquisition date. The costs directly attributable to the acquisition are expensed as incurred. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of (i) the total of cost of acquisition, fair value of the non-controlling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree, is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in earnings.

In a business combination achieved in stages, the Group re-measured the Group’s previously held equity interest in the acquiree immediately before obtaining control at its acquisition-date fair value and the re-measurement gain or loss, if any, is recognized in earnings.

The determination and allocation of fair values to the identifiable assets acquired, liabilities assumed and non-controlling interests is based on various assumptions and valuation methodologies requiring considerable judgment from management. The most significant variables in these valuations are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. The group determine discount rates to be used based on the risk inherent in the related activity’s current business model and industry comparisons. Terminal values are based on the expected life of assets, forecasted life cycle and forecasted cash flows over that period.

Fair value of financial instruments – Discontinued Operations

Financial instruments include cash and cash equivalents, short-term investments, restricted cash, certain other current assets, long-term investment, accounts payable, long-term loan, customer advances, lease liabilities and certain other current liabilities. For long-term investment, the Group elected to use the measurement alternative to measure those investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer, if any. The carrying amounts of remaining financial instruments, except for the long-term loan, approximate their fair values because of their short-term maturities. The carrying amount of the long-term loan approximates its fair value due to the fact that the related interest rate approximates the interest rates currently offered by financial institutions for similar debt instruments of comparable maturities.

Revenue recognition- Discontinued Operations

On January 1, 2018, the Group adopted ASC 606, *Revenue from contracts with customers* (“ASC 606”) utilizing the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Accordingly, revenues for the years ended December 31, 2018 and the following years were presented in accordance with ASC 606, and revenues for the year ended December 31, 2017 was not adjusted and continued to be presented in accordance with ASC 605, *Revenue Recognition*. The cumulative effect of adopting ASC 606 resulted in an adjustment to increase the opening balance of accumulated deficit on January 1, 2018 by RMB44,122, with the impact related to the recognition of initial franchise fees. The Group’s accounting policy before January 1, 2018 was to recognize initial franchise fees when franchisees commence operations under the RISE brand or upon the renewal of the franchise agreements. In accordance with ASC 606, the initial franchise services are not distinct from the continuing rights or services offered during the term of the franchise agreement, and will therefore, be treated as a single performance obligation. Therefore, initial franchise fees should be recognized over the franchise term, which is generally five years under ASC 606.

The Group’s revenue recognition policies following the adoption of ASC 606 are as follows:

Revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Group determines are within the scope of the new revenue recognition accounting standard, the Group performs

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the following five steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Group satisfies a performance obligation. The Group only applies the five-step model to contracts when it is probable that the Group will collect the consideration it is entitled to in exchange for the goods or services transferred to the customer. At contract inception, the Group assesses the goods or services promised within each contract to determine those that represent performance obligations, and assess whether each promised good or service is distinct. The Group then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Revenue is recognized net of business tax, value added taxes and tax surcharges.

Contract liabilities relate to contracts where the Group received payments but has not yet satisfied the related performance obligations. The advance consideration received from customers for the services is a contract liability until services are provided to the customer and are presented in “deferred revenue and customer advances” in the consolidated balance sheets.

Contract assets include costs to obtain contracts with customers. Costs to obtain contracts with customers are incremental costs to obtain franchise contracts, which are recorded as prepayment and other current assets, and other non-current assets depending on the estimated life of the underlying franchise contracts.

The primary sources of the Group’s revenues are as follows:

(a) Educational programs

Educational programs’ contracts generally consist of two performance obligations, English courses and course materials, which are both capable of being distinct and distinct in the context of the contract. The transaction price is stated in the contract and known at the time of contract inception, therefore no variable consideration exists. The Group may issue promotional coupons to attract enrollment for its courses. The promotional coupons are not issued in conjunction with a concurrent revenue transaction and are for a fixed RMB amount that can only be redeemed to reduce the amount of the tuition fees for future courses. The promotional coupons are accounted for as a reduction of the transaction price and are allocated across all performance obligations unless observable evidence exists that the discount relates to a specific performance obligation or obligations in the contract. Revenue is allocated to each performance obligation based on its standalone selling price. The Group generally determines standalone selling prices based on the prices charged to students. If the standalone selling price is not observable through past transactions, the Group estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

Course fees are collected in full in advance of the commencement of each course and each course comprises of a fixed amount of classes. The Group uses the student’s daily attendance records of both offline and online courses, an output measure, to recognize revenue over time as it best depicts the simultaneous consumption and delivery of educational program services. Students are allowed to return course materials if they are unused. However, once the student attends the first class of the respective course, course materials cannot be returned. Therefore, revenue associated with distinct course materials is recognized at the point in time when control transfers to the student, generally when the student attends the first class of the respective course.

According to local education bureau regulations, depending on a school’s location and the amount of classes remaining for a course, the Group may be required to refund course fees for any remaining undelivered classes to students who withdraw from a course. The refund is recorded as a reduction of the related course fees received in advance and has no impact on recognized revenue. Refunds on recognized revenue were insignificant for all periods presented.

To be consistent with our management reporting framework, revenues from educational programs include revenues generated by The Edge starting from the first quarter of 2019 and revenues generated from Can-Talk starting from the first quarter of 2020. Revenues from educational programs in previous years have been adjusted to take this into account. The Edge offers admission consulting, academic tutoring and test preparation services for students who intend to study abroad and each service represents an individual performance obligation. For admission consulting services, the Group uses the input method by reference to the consulting hours incurred up to the end of reporting period as a percentage of total estimated hours to recognize revenue over a fixed contract period, which best depicts the Group’s efforts toward satisfying the performance obligation relative to the total expected efforts. For academic tutoring and test preparation services, the Group use students’ attendance records, an output measure, to recognize revenue over time as it best depicts the simultaneous consumption and delivery of such services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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(b) Franchise revenues

Franchise revenues includes non-refundable initial franchise fees and the recurring franchise fees from its franchisees. The initial franchise services to be performed under the franchise agreements to earn the initial franchise fees comprise of (i) authorizing franchisees to use the RISE brand and the Group’s courseware, and (ii) initial setup services, including assisting with site selection and marketing strategy, training of franchisee management and teachers. The Group’s franchise agreements do not include guarantees or other forms of financial assistance, refund provisions or options to repurchase franchises from franchisees. In accordance with the new revenue recognition standard, the initial franchise services are not distinct from the continuing rights offered during the term of the franchise agreement and will therefore be treated as a single performance obligation. As such, beginning in January 2018, initial franchise fees are deferred and recorded as “deferred revenue and customer advances”, and are recognized over the franchise term as the performance obligation is satisfied, which is generally five years. The Group also receives sales-based recurring franchise fees from its franchisees, which include a fixed percentage of the franchisees’ course fees and proceeds from the sale of related course materials. The recurring franchise fees are recognized at the time the underlying franchisees’ sale of services occur.

(c) Other revenues

Other revenues comprise mainly of the provision of overseas and domestic study tour services. The Group determined the overseas study tours contract contains a single performance obligation and the Group is the principal in providing overseas study tours services as it controls such services before the services are transferred to the customer. Therefore, the Group recognizes study tours revenue on a gross basis. The Group recognize revenue over the service period of the study tour, which is, generally around two to three weeks, as it best depicts the simultaneous consumption and delivery of overseas study tours services.

Advertising expenditures- Discontinued Operations

Advertising costs are expensed when incurred and are included in selling expenses in the consolidated statements of (loss)/income.

Leases - Discontinued Operations

The Group adopted ASU No. 2016-02, *Leases* (Topic 842) (“ASC 842”) from January 1, 2019 by using the modified retrospective method and did not restate the comparable periods. The Group has elected the package of practical expedients, which allows the Group not to reassess (1) whether any expired or existing contracts as of the adoption date are or contain a lease, (2) lease classification for any expired or existing leases as of the adoption date and (3) initial direct costs for any expired or existing leases as of the adoption date. The Group elected the short-term lease exemption for all contracts with lease terms of 12 months or less. The Group have lease agreements with lease and non-lease components, which are generally accounted for separately.

The Group determines if an arrangement is a lease or contains a lease at lease inception. For operating leases, the Group recognizes a right-of-use (“ROU”) asset and a lease liability based on the present value of the lease payments over the lease term on the consolidated balance sheets at commencement date. As most of the Group’s leases do not provide an implicit rate, the Group estimates its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in economic environments where the leased asset is located. The ROU assets also include any lease payments made, net of lease incentives. Lease expense is recorded on a straight-line basis over the lease term. On April 10, 2020, the FASB issued guidance for lease concessions provided to lessees in response to the effects of COVID-19. Such guidance allows lessees to make an election not to evaluate whether a lease concession provided by a lessor should be accounted for as a lease modification, in the event the concession does not result in a substantial increase in the rights of the lessor or the obligations of the lessee. Such concessions would be recorded as negative lease expense in the period of relief. The Group elected this practical expedient in accounting for lease concessions provided for certain of the Group’s learning center agreements.

Upon adoption of ASC 842, the Group recognized ROU assets of RMB601,610 and total lease liabilities (including current and non-current) RMB610,500 for operating leases as of January 1, 2019. The impact of adopting ASC 842 on the Group’s opening retained earnings, current year net income and current year cash flow was insignificant.

The Group’s operating leases mainly related to offices and classroom facilities.

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Income/(loss) per share

In accordance with ASC 260, *Earnings Per Share*, basic (loss)/income per share is computed by dividing net (loss)/income attributable to the Company by the weighted average number of ordinary shares outstanding during the period. Diluted (loss)/income per share is calculated by dividing net (loss)/income attributable to the Company as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Share options with market conditions, performance conditions, or any combination thereof, are considered contingently issuable shares and are included in the computation of diluted (loss)/income per share to the extent that market and performance conditions are met such that the share options are exercisable at the end of the reporting period, assuming it was the end of the contingency period. Ordinary equivalent shares consist of the ordinary shares issuable upon the conversion of the share options, using the treasury stock method. Ordinary equivalent shares are excluded from the computation of diluted per share if their effects would be anti-dilutive.

Share-based compensation – Discontinued Operations

The Group applies ASC 718, *Compensation — Stock Compensation* (“ASC 718”), to account for its employee share-based payments. In accordance with ASC 718, the Group determines whether an award should be classified and accounted for as a liability award or an equity award. All the Group’s share-based awards to employees were classified as equity awards.

In accordance with ASC 718, the Group recognizes share-based compensation cost for equity awards to employees with a performance condition based on the probable outcome of that performance condition — compensation cost is recognized if it is probable that the performance condition will be achieved and shall not be recognized if it is not probable that the performance condition will be achieved.

In accordance with ASC 718, the effect of a market condition is reflected in the grant-date fair value of the granted equity awards. The Group recognizes share-based compensation cost for equity awards with a market condition provided that the requisite service is rendered, regardless of when, if ever, the market condition is satisfied.

A change in any of the terms or conditions of the awards is accounted for as a modification of the award. When the vesting conditions (or other terms) of the equity awards granted to employees are modified, the Group first determines on the modification date whether the original vesting conditions were expected to be satisfied, regardless of the entity’s policy election for accounting for forfeitures. If the original vesting conditions are not expected to be satisfied, the grant-date fair value of the original equity awards are ignored, and the fair value of the equity award measured at the modification date is recognized if the modified award ultimately vests. When a vesting condition that is probable of achievement is modified and the new vesting condition also is probable of achievement, the compensation cost to be recognized if either the original vesting condition or the new vesting condition is achieved cannot be less than the grant-date fair value of the original award. That compensation cost is recognized if either the original or modified vesting condition is achieved. Cancellation of the awards accompanied by the concurrent grant of a replacement award is also accounted for as a modification of the terms of the cancelled awards. Therefore, incremental compensation cost shall be measured as the excess of the fair value of the replacement award or other valuable consideration over the fair value of the cancelled award at the cancellation date.

Incremental compensation cost is measured as the excess, if any, of the fair value of the modified award over the fair value of the original award immediately before its terms are modified, measured based on the fair value of the awards and other pertinent factors at the modification date. For vested awards, the Group recognizes incremental compensation cost in the period the modification occurs. For unvested awards, the Group recognizes over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award on the modification date. If the fair value of the modified award is lower than the fair value of the original award immediately before modification, the minimum compensation cost the Group recognizes is the cost of the original award.

The Group uses the accelerated method for all awards granted with graded vesting service conditions, and the straight-line method for awards granted with non-graded vesting service conditions. The Group accounts for forfeitures as they occur. The Group, with the assistance of an independent valuation firm, determined the fair value of the stock options granted to employees. The binomial option pricing model and Monte Carlo simulation model were applied in determining the estimated fair value of the options granted to employees.

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Income taxes

The Group accounts for income taxes under ASC 740, “Income Taxes” (“ASC 740”). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s consolidated financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Group recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of December 31, 2020 and 2021. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Group is considered exempted Cayman Islands Companies and is presently not subject to income taxes or income tax filing requirements in the Cayman Islands or the United States.

Government subsidies- Discontinued Operations

Government subsidies primarily consist of financial subsidies received from local governments for operating a business in their jurisdictions and compliance with specific policies promoted by the local governments. There are no defined rules and regulations to govern the criteria necessary for companies to receive such benefits, and the amount of financial subsidy is determined at the discretion of the relevant government authorities. Government subsidies of non-operating nature and with no further conditions to be met are recorded as non-operating income in “Other income, net” of the consolidated statements of (loss)/income when received.

Employee benefit expenses- Discontinued Operations

All eligible employees of the Group are entitled to staff welfare benefits including medical care, welfare subsidies, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Group is required to accrue for these benefits based on certain percentages of the qualified employees’ salaries. The Group is required to make contributions to the plans out of the amounts accrued. The PRC government is responsible for the medical benefits and the pension liability to be paid to these employees and the Group’s obligations are limited to the amounts contributed. The Group has no further payment obligations once the contributions have been paid.

Comprehensive income/(loss)

Comprehensive (loss)/income is defined as the changes in equity of the Group during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners. Among other disclosures, ASC 220, *Comprehensive Income*, requires that all items that are required to be recognized under current accounting standards as components of comprehensive (loss)/income be reported in a financial statement that is displayed with the same prominence as other financial statements. For each of the periods presented, the Group’s comprehensive (loss)/income includes net (loss)/income and foreign currency translation adjustments, and is presented in the consolidated statements of comprehensive (loss)/income.

Treasury shares

In November 2018, the Board of Directors approved a share repurchase plan (“2018 repurchase plan”). The Company accounts for treasury shares using the cost method. Under this method, the cost incurred to purchase the shares is initially recorded in the “Treasury Shares” line item in the consolidated balance sheets. Upon retirement, the ordinary shares account will be debited only for the aggregate par value of the retired shares, and the excess of the acquisition cost of treasury shares over the aggregate par value is allocated to the additional paid-in capital. As of December 31, 2019, all treasury shares were fully retired.

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Recent accounting pronouncements

In December 2019, the FASB issued ASU 2019-12, “*Income Tax (Topic 740): Simplifying the Accounting for Income Taxes*”. This guidance removes certain exceptions to the general principles of ASC 740 and simplifies several other areas. For public business entities, the guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The Group adopted this ASU in the first quarter of 2021 and has identified no material effect on its financial statements or disclosures.

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in this ASU provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this ASU apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. LIBOR is expected to phased out by 2021. The amendments in this ASU are effective as of March 12, 2020 through December 31, 2022. The Group is currently evaluating the effect of this ASU on its financial statements and related disclosures.

In August 2020, the FASB issued ASU No. 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470- 20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity (ASU 2020-06), which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. The amendments are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years, with early adoption permitted. The Group is currently evaluating the impact of the new guidance on our consolidated financial statements.

In October 2020, the FASB issued ASU No. 2020-10, Codification Improvements. The amendments in this ASU improve the consistency of the codification and reorganize the guidance into appropriate sections providing less opportunities for disclosures to be missed. The amendments in this update do not change GAAP and are not expected to result in a significant change in practice. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020. The Group adopted this ASU in the first quarter of 2021 and has identified no effect on its financial statements or disclosures.

In January 2021, the FASB issued ASU No. 2021-01, Reference Rate Reform (Topic 848). The amendments in this ASU clarify the scope of ASC 848 to include derivatives that are affected by a change in the interest rate used for discounting, margining, or contract price alignment that do not also reference LIBOR or another reference rate that is expected to be discontinued as a result of reference rate reform. Similar to ASU 2020-04, the guidance is effective for all entities immediately upon issuance on January 7, 2021. The Group adopted this ASU in the first quarter of 2021 and has identified no effect on its financial statements or disclosures.

In May 2021, the FASB issued ASU No. 2021-04, Earnings Per Share (Topic 260), Debt — Modifications and Extinguishments (Subtopic 470-50), Compensation — Stock Compensation (Topic 718), and Derivatives and Hedging — Contracts in Entity’s Own Equity (Subtopic 815-40) to clarify and reduce diversity in an issuer’s accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. An entity should apply the amendments prospectively to modifications or exchanges occurring on or after the effective date of the amendments. The Group is currently evaluating the impact of the new guidance on our consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08, Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. The amendments in this ASU improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to recognition of an acquired contract liability, and payment terms and their effect on subsequent revenue recognized by the acquirer. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, including the interim periods within those fiscal years. The Group is currently evaluating the effect of this ASU on its financial statements and related disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

3. DISCONTINUED OPERATIONS

The Company has sold (i) all of the equity interests in Rise (Tianjin) Education Information Consulting Co., Ltd. to Wuhan Xinsili Culture Development Co., Ltd. on December 28, 2021; and (ii) all of the equity interests in RISE Education International Limited and Rise IP (Cayman) Limited to Bain Capital Rise Education IV Cayman Limited on December 30, 2021. Upon completion of the Sale, the Company has, through its subsidiaries, sold substantially all its assets. See Note 1.

As refer to Note 2 – Principles of consolidation, in connection with the Sale, the Group evaluated and concluded that the subsidiaries in the Sale list should be accounted as discontinued operations during the year ended and as of December 31, 2021.

During the year ended December 31, 2021, prior to the Sale mentioned above, details of the Company’s principal subsidiaries, the VIE and the VIE’s subsidiaries and schools in the Sale list are as follows:

Name	Date of establishment	Place of establishment	Percentage of equity interest attributable to the company	Principal activity
Subsidiaries of the Company:				
Rise IP (Cayman) Limited (“Rise IP”)	24-Jul-13	Cayman Islands	100 %	Educational consulting
Edge Franchising Co., Limited (“Edge Franchising”)	16-Mar-16	Hong Kong	100 %	Educational consulting
Rise Education International Limited (“Rise HK”)	24-Jun-13	Hong Kong	100 %	Educational consulting
Edge Online Co., Limited	1-Apr-18	Hong Kong	100 %	Educational consulting
Rise (Tianjin) Education Information Consulting Co., Ltd. (“Rise Tianjin” or “WFOE”)	12-Aug-13	PRC	100 %	Educational consulting, Sale of course materials, study tour service
VIE:				
Beijing Step Ahead Education Technology Development Co., Ltd.	2-Jan-08	PRC	—	Educational consulting
VIE’s subsidiaries and schools:				
Beijing Haidian District Step Ahead Training School	18-Sep-08	PRC	—	Language education
Beijing Shijingshan District Step Ahead Training School	14-Jul-09	PRC	—	Language education
Beijing Changping District Step Ahead Training School	3-Jul-09	PRC	—	Language education
Beijing Chaoyang District Step Ahead Training School	20-Jul-09	PRC	—	Language education
Beijing Xicheng District RISE Immersion Subject English Training School	5-Feb-10	PRC	—	Language education
Beijing Dongcheng District RISE Immersion Subject English Training School	30-Jul-10	PRC	—	Language education
Beijing Tongzhou District RISE Immersion Subject English Training School	19-Apr-11	PRC	—	Language education
Beijing Daxing District RISE Immersion Subject English Training School	31-Mar-13	PRC	—	Language education
Beijing Fengtai District RISE Immersion Subject English Training School	28-Feb-12	PRC	—	Language education

3. DISCONTINUED OPERATIONS (Continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
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Name	Date of establishment	Place of establishment	Percentage of equity interest attributable to the company	Principal activity
Beijing RISE Immersion Subject English Training School Co., Ltd.	26-Oct-18	PRC	—	Language education
Beijing Step Ahead Rise Education Technology Co., Ltd.	11-Dec-19	PRC	—	Language education
Beijing Huairou Ruida Education Training School	19-Jan-18	PRC	—	Language education
Shanghai Boyu Investment Management Co., Ltd.	29-Jan-12	PRC	—	Language education
Shanghai Riverdeep Education Information Consulting Co., Ltd.	8-Mar-10	PRC	—	Educational consulting services
Shanghai Ruiaidisi English Training School Co., Ltd.	5-Aug-19	PRC	—	Language education
Kunshan Ruiaidisi Education Technology Co., Ltd.	30-Jul-19	PRC	—	Language education
Guangzhou Ruisi Education Technology Development Co., Ltd.	17-Aug-12	PRC	—	Training services
Guangzhou Yuexiu District RISE Immersion Subject English Training School	29-Apr-14	PRC	—	Language education
Guangzhou Haizhu District RISE Immersion Subject English Training School-Chigang	8-Dec-14	PRC	—	Language education
Guangzhou Tianhe District RISE Immersion Subject English Training School	11-Jul-17	PRC	—	Language education
Guangzhou Liwan District Rise Education Training Center Co., Ltd.	25-Nov-19	PRC	—	Language education
Guangzhou Tianhe District Ruisi Education Consulting Co., Ltd.	11-Jul-17	PRC	—	Language education
Foshan Nanhai District Step Ahead Education Consulting Co., Ltd.	21-Jan-20	PRC	—	Language education
Shenzhen Mei Ruisi Education Management Co., Ltd.	28-Feb-14	PRC	—	Training services
Shenzhen Futian District Rise Training Center	8-Jan-15	PRC	—	Language education
Shenzhen Nanshan District Rise Training Center	26-May-15	PRC	—	Language education
Shenzhen Luohu District Rise Education Training Center	3-Aug-17	PRC	—	Language education
Shenzhen Longhua District Minzhi Rise Training Center	27-May-20	PRC	—	Language education

3. DISCONTINUED OPERATIONS (Continued)

Name	Date of establishment	Place of establishment	Percentage of equity interest attributable to the company	Principal activity
Wuxi Rise Foreign Language Training Co., Ltd.	5-Jun-13	PRC	—	Training services
Wuxi Ruiying English Training Center Co., Ltd.	10-Jun-19	PRC	—	Language education
Ruisixing (Tianjin) Travel Services Co., Ltd.	3-Jul-18	PRC	—	Traveling services
Hebei Camphor Tree Information Technology Co., Ltd.	5-Nov-15	PRC	—	Investment holding
Shijiazhuang Forest Rock Education Technology Co., Ltd.	28-Aug-18	PRC	—	Investment holding
Shijiazhuang Xinhua District Oriental Red American Education Training School	14-Nov-19	PRC	—	Language education
Shijiazhuang Xinhua District Zhuoshuo Training School Co., Ltd.	13-Dec-19	PRC	—	Language education
Shijiazhuang Yuhua District Ai Ruisi Education Training School	1-Feb-19	PRC	—	Language education
Shijiazhuang Yuhua District Oriental Red Education Training School	1-Feb-19	PRC	—	Language education
Shijiazhuang Chang’an District Jinshuo Culture Education Training School Co., Ltd.	1-Apr-19	PRC	—	Language education
Shijiazhuang Qiaoxi District Deshuo Training School Co., Ltd.	27-Aug-20	PRC	—	Language education
Shijiazhuang Yuhua District Boshuo Training School Co., Ltd.	2-Jan-20	PRC	—	Language education

3. DISCONTINUED OPERATIONS (Continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

The following tables set forth the assets, liabilities, results of operations and cash flows of discontinued operations, that were included in the Group’s consolidated financial statements (in thousands):

	<u>As at December 31, 2020</u>
	RMB
ASSETS	
Current assets:	
Cash and cash equivalents	549,486
Restricted cash	79,320
Accounts receivable, net	2,281
Amounts due from related parties	552
Inventories	7,814
Prepayments and other current assets	90,047
Total current assets of discontinued operations	729,500
Non-current assets:	
Property and equipment, net	107,537
Intangible assets, net	185,647
Long-term investment	—
Goodwill	659,255
Deferred tax assets, net	34,241
Other non-current assets	55,853
Operating lease right-of-use assets	639,304
Total non-current assets of discontinued operations	1,681,837
Total assets belong to discontinued operations	2,411,337
LIABILITIES AND SHAREHOLDERS’ EQUITY	
Current liabilities (including current liabilities of the variable interest entity (“VIE”) without recourse to the Company amounting to RMB882,038 (US\$135,178) as of December 31, 2020):	
Accounts payable	11,028
Accrued expenses and other current liabilities	162,724
Deferred revenue and customer advances	563,736
Income taxes payable	5,556
Current portion of operating lease liabilities	197,098
Total current liabilities of discontinued operations	940,142
Non-current liabilities (including non-current liabilities of the VIE without recourse to the Company amounting to RMB499,092 (US\$76,489) as of December 31, 2020):	
Deferred revenue and customer advances	38,204
Operating lease liabilities	452,485
Deferred tax liabilities, net	24,011
Other non-current liabilities	50,447
Total non-current liabilities of discontinued operations	565,147
Total liabilities of discontinued operations	1,505,289

3. DISCONTINUED OPERATIONS (Continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

	2019	2020	2021
	RMB	RMB	RMB
Revenues	1,529,447	958,467	890,386
Cost of revenues	(694,693)	(602,934)	(596,412)
Gross profit	834,754	355,533	293,974
Operating expenses:			
Selling and marketing	(307,339)	(233,687)	(191,816)
General and administrative	(289,351)	(242,633)	(417,381)
Research and development expenses	—	—	—
Total operating expenses	(596,690)	(476,320)	(609,197)
Operating income/(loss)	238,064	(120,787)	(315,223)
Interest income	17,872	15,078	8,640
Interest expense	(34,093)	(23,611)	(16,823)
Foreign currency exchange gain/(loss)	(1,506)	(187)	1,627
Other income, net	10,115	26,961	(78,908)
Impairment loss of long-term investment	—	(37,000)	—
Income/(loss) before income tax expense	230,452	(139,546)	(400,687)
Loss on sale of discontinued operations	—	—	(97,777)
Income tax (expense)/benefit	(70,697)	15,695	(8,816)
Net income/(loss) from discontinued operations	159,755	(123,851)	(507,280)
Net cash (used in) discontinued operating activities	(19,696)	(187,127)	(509,825)
Net cash (used in) discontinued investing activities	(114,716)	(111,782)	(53,535)
Net cash (used in) discontinued financing activities	—	—	(23,308)

4. CONCENTRATION OF RISKS

Concentration of credit risk

Financial instruments that potentially subject the Group to significant concentration of credit risk consist primarily of cash and cash equivalents, and restricted cash. As of December 31, 2021, substantially all of the Group’s cash and cash equivalents, and restricted cash were deposited with financial institutions with high-credit ratings and quality.

PRC state-owned banks, such as Bank of China, are subject to a series of risk control regulatory standards, and PRC bank regulatory authorities are empowered to take over the operation and management when any of those banks faces a material credit crisis. The Group does not foresee substantial credit risk with respect to cash and cash equivalents, restricted cash and short-term investments held at the PRC state-owned banks. Meanwhile, China does not have an official deposit insurance program, nor does it have an agency similar to what was the Federal Deposit Insurance Corporation (FDIC) in the U.S. In the event of bankruptcy of one of the financial institutions in which the Group has deposits or investments, it may be unlikely to claim its deposits or investments back in full. The Group selected reputable international financial institutions with high rating rates to place its foreign currencies. The Group regularly monitors the rating of the international financial institutions to avoid any potential defaults. There has been no recent history of default in relation to these financial institutions.

Foreign currency exchange rate risk

From July 21, 2005, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. For RMB against US\$, there was appreciation of 1.3%, depreciation of 6.3% and 1.4% during the years ended December 31, 2019, 2020 and 2021. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the US\$ in the future.

To the extent that the Group needs to convert US\$ into RMB for capital expenditures and working capital and other business purposes, appreciation of RMB against US\$ would have an adverse effect on the RMB amount the Group would receive from the conversion. Conversely, if the Group decides to convert RMB into US\$ for the purpose of making payments for dividends on ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of US\$ against RMB would have a negative

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
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effect on the US\$ amount available to the Group. In addition, a significant depreciation of the RMB against the US\$ may significantly reduce the US\$ equivalent of the Group’s earnings or losses.

Currency convertibility risk

The Group transacts all of its business in RMB, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People’s Bank of China (the “PBOC”). However, the unification of the exchange rates does not imply that the RMB may be readily convertible into US\$ or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers’ invoices, shipping documents and signed contracts. The Group’s cash and cash equivalents, and restricted cash denominated in RMB amounted to RMB16,027 (US\$2,515) as of December 31, 2021.

5. BUSINESS COMBINATION**Shijiazhuang**

On July 1, 2019, the Group acquired a 51% equity interest in 7 learning centers in Shijiazhuang certain fixed assets, student contracts and key employees of the educational consulting business from a franchisee of the Group. The acquisition is expected to complement the Group’s existing business and achieve significant synergies.

Total consideration was RMB44,061 in cash, which was fully paid as of December 31, 2020.

The Group has completed the valuations necessary to assess the fair values of the tangible and intangible assets acquired and liabilities assumed, resulting from which the amount of goodwill was determined and recognized as of the acquisition date. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of July 1, 2019, the date of acquisition:

	RMB
Purchase consideration	44,061
Net assets acquired, excluding intangible assets and the related deferred tax liabilities	(83,813)
Intangible assets	15,800
Student base	15,800
Deferred tax liabilities	(4,742)
Non-controlling interest	(33,866)
Goodwill	150,682

The non-controlling interests on acquisition date was measured by applying the equity percentage held by minority shareholders and a discount for lack of control premium to the fair value of the acquired business of Shijiazhuang, which was determined using an income approach. The significant inputs were revenue growth rates, gross margin rates, weighted-average cost of capital, discount rate and terminal values.

Goodwill recognized on the acquisition date is the expected synergies from combining operations of Shijiazhuang and the Group, which does not qualify for separate recognition. None of the goodwill recognized is expected to be deductible for income tax purposes.

The Group recognized RMB83 and RMB347 of acquisition related costs which were included in general and administrative expenses for the years ended December 31, 2019 and 2020, respectively.

The information of pro forma revenue and net loss for the year ended December 31, 2018 is not available and the cost to develop it would be excessive. The unaudited pro forma information for the year ended December 31, 2019 set forth below gives effect to the acquisition as if it had occurred at the beginning of the period. The pro forma results have been calculated after applying

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
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the Group’s accounting policies and including adjustments primarily related to the amortization of acquired intangible assets, and income tax effects, as applicable. The pro forma information does not include any impact of transaction synergies and is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been occurred had the acquisition been consummated as of that time or that may result in the future:

	For the year ended December 31, 2019	
	pro forma (unaudited)	As reported
	RMB	RMB
Revenues	1,555,302	1,529,447
Net income	152,669	148,100

In December 2021, the Group sold all of its investment in Shijiazhuang, and the disposal of Shijiazhuang was qualified for reporting as a “discontinued operation”. See Note 3.

5. BUSINESS COMBINATION (Continued)

Changping

On November 1, 2019, the Group acquired certain fixed assets, intellectual properties, material contracts and key employees of a franchised learning center in Changping (“Changping”) from a franchisee of the Group for a total cash consideration of RMB12,669, of which RMB1,050 was unpaid as of December 31, 2020.

Identifiable intangible assets acquired include student base of RMB4,500. Goodwill recognized on the acquisition date is not tax deductible and amounted to RMB18,986; and represents the expected synergies from combining the operations of Changping and the Group, which does not qualify for separate recognition.

The actual results of operation after the acquisition date and pro-forma results of operations for this acquisition have not been presented because the effects of this acquisition were insignificant.

In December 2021, the Group sold all of its investment in Changping, and the disposal of Changping was qualified for reporting as a “discontinued operation”. See Note 3.

Huairou

On July 1, 2020, the Group acquired certain fixed assets, intellectual properties, material contracts and key employees of a franchised learning center in Huairou (“Huairou”) from a franchisee of the Group for a total cash consideration of RMB8,075, of which RMB700 was unpaid as of December 31, 2020.

Identifiable intangible assets acquired include student base of RMB3,000. Goodwill recognized on the acquisition date is not tax deductible and amounted to RMB11,956; and represents the expected synergies from combining the operations of Huairou and the Group, which does not qualify for separate recognition.

The actual results of operation after the acquisition date and pro-forma results of operations for this acquisition have not been presented because the effects of this acquisition were insignificant.

In December 2021, the Group sold all of its investment in Huairou, and the disposal of Huairou was qualified for reporting as a “discontinued operation”. See Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

6. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

	As at December 31,		
	2020	2021	2021
	RMB	RMB	US\$
Prepayments to suppliers	4,365	14,311	2,246
Deposits	144	140	22
	4,509	14,451	2,268

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other liabilities consisted of the following:

	As at December 31,		
	2020	2021	2021
	RMB	RMB	US\$
Accrued other operating expenses	1,469	7,889	1,238
Others	—	736	115
	1,469	8,625	1,353

8. TROUBLED DEBT RESTRUCTURING

On March 18, 2021, the Group entered into a Facility agreement with CTBC Bank Co., Ltd. for an aggregate amount of US\$80,000 consisting of a five-year term loan facility of US\$65,000 and a revolving credit facility of US\$15,000. The Facility was used to repay its existing loans for amount of US\$65,000 as of March 18, 2021. The repayment schedule of the five-year term loan facility is listed as the following:

	US\$
March 18, 2022	3,250
March 18, 2023	8,125
March 18, 2024	11,375
March 18, 2025	16,250
March 18, 2026	26,000
	65,000

The loan facility is guaranteed by Rise IP, Rise HK, the WFOE and VIE. Further, the ordinary shares of certain subsidiaries of the Group were pledged as collateral for the loan facility. In addition, the Group maintained deposits held in a designated bank account as security for interest payments consisting of the DSRA and Domestic CTBC accounts.

The Group concluded that the modification on March 18, 2021 would be considered a troubled debt restructuring pursuant to ASC470-60. As the future undiscounted cash flows is greater than the net carrying value of the original debt, no gain is recognized.

On December 1, 2021, the Group entered into a settlement agreement (the “Settlement”) with CTBC Bank Co., Ltd. (See Note 1). The Group evaluated the settlement in accordance with ASC 470, and determined the settlement is considered a troubled debt restructuring and an extinguishment of the existing debt. As a result of the settlement, the Group recognized a gain on troubled debt restructuring of RMB279,097 for the year ended December 31, 2021.

9. RELATED PARTY TRANSACTIONS

a) Related parties

The direct controlling shareholder
Bain Capital Education IV

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

Entities controlled by the ultimate holding company

Lionbridge Limited (“Lionbridge”)

Bain Capital Advisors (China) Ltd. (“Bain Advisors”)

Investee

New York City Kids Club (“NYC”)

Significant influence exercised by management of the Company

Wuhan Xinsili Culture Development Co., Ltd.

b) During the years ended December 31, 2019, 2020 and 2021, the Group had the following related party transactions:

	Notes	For the year ended December 31,			
		2019 RMB	2020 RMB	2021 RMB	2021 US\$
Bain Capital Education IV	(i)	—	—	108,334	17,000
Bain Capital Education IV		—	—	15,932	2,500
Wuhan Xinsili Culture Development Co., Ltd.	(ii)	—	—	—	—

(i) The Company entered into a convertible loan deed with the Bain Capital Education IV (the “Shareholder”) on December 1, 2021 (the “Convertible Loan Deed”), pursuant to which the Shareholder will provide an interest-free convertible loan of US\$17,000 to the Company for the period ended June 30, 2023, convertible into ordinary shares of the Company at US\$0.35 per share, or US\$0.70 per ADS. If the Company fails to pay any amount payable under this Deed on its due date, interest shall accrue on such amount from the due date at a rate two percent. The Group determined the appropriate accounting treatment of its convertible debt in accordance with the terms in relation to the conversion feature. After considering the impact of such features, the Group may account for such instrument as a liability in its entirety, or separate the instrument into debt and equity components following the respective guidance described under ASC 815 Derivatives and Hedging and ASC 470 Debt. The Group evaluated the equity components immaterial, and accounted for the convertible loan as a non-current liability as of December 31, 2021

The loan transactions for the year ended December 31, 2021 with details set forth below:

Year ended December 31, 2021	Principal	Interest Rate	Period
Loan granted			
Convertible loan	108,334	—	December 1, 2021 to June 30, 2023

(ii) The CEO of the Company, Ms. Lihong Wang is the chairman of Wuhan Xinsili Culture Development Co., Ltd. As refer to Note 1, pursuant to the WFOE Purchase Agreement, the Company has agreed to, through Rise HK, sell all of the equity interests in WFOE to Wuhan Xinsili Culture Development Co., Ltd., in consideration of the Buyer SPV (i) paying to Rise HK a nominal consideration, and (ii) assuming all liabilities of WFOE and its subsidiaries.

9. RELATED PARTY TRANSACTIONS (Continued)

c) The balances between the Group and its related parties as of December 31, 2020 and 2021 are listed below:

Amounts due from a related party

	As at December 31,		
	2020 RMB	2021 RMB	2021 US\$
Bain Capital Education IV	181	177	28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
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Convertible loan from a related party

	As at December 31,		
	2020	2021	2021
	RMB	RMB	US\$
Bain Capital Education IV	—	108,334	17,000

Amount due to related party is the balance of convertible loan with zero interest rate as of December 31, 2021.

10. INCOME/(LOSS) PER SHARE

Basic and diluted income/(loss) per share and per ADS for each of the years presented are calculated as follows:

	For the year ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	USD
Numerator:				
Net income/(loss) from continuing operations attributable to RISE Education Cayman Ltd	(15,195)	(17,593)	249,096	39,088
Net income/(loss) from discontinued operations attributable to RISE Education Cayman Ltd	163,295	(114,840)	(497,583)	(78,081)
Net income/(loss) attributable to RISE Education Cayman Ltd	148,100	(132,433)	(248,487)	(38,993)
Denominator:				
Weighted average number of ordinary shares outstanding-basic	113,187,721	112,813,031	112,868,532	112,868,532
Weighted average number of ordinary shares outstanding-diluted	114,464,108	112,813,031	112,868,532	112,868,532
Net income/(loss) per share - Basic:				
Continuing operations	(0.13)	(0.15)	2.21	0.35
Discontinued operations	1.44	(1.02)	(4.41)	(0.69)
Total net income/(loss) per share - Basic	1.31	(1.17)	(2.20)	(0.34)
Net income/(loss) per share - Diluted:				
Continuing operations	(0.13)	(0.15)	2.21	0.35
Discontinued operations	1.42	(1.02)	(4.41)	(0.69)
Total net income/(loss) per share - Diluted	1.29	(1.17)	(2.20)	(0.34)
Net income/(loss) per ADS - Basic:				
Continuing operations	(0.26)	(0.31)	4.42	0.70
Discontinued operations	2.88	(2.04)	(8.82)	(1.38)
Total net income/(loss) per ADS - Basic	2.62	(2.35)	(4.40)	(0.68)
Net income/(loss) per ADS - Diluted:				
Continuing operations	(0.25)	(0.31)	4.42	0.70
Discontinued operations	2.84	(2.04)	(8.82)	(1.38)
Total net income/(loss) per ADS - Diluted	2.59	(2.35)	(4.40)	(0.68)

Nil, 953,168 and 4,047,619 share options were excluded from the computation of diluted income per share for the year ended December 31, 2019, 2020 and 2021, respectively, because their effects would be anti-dilutive.

11. SHARE-BASED PAYMENTS

2016 Equity Incentive Plan

In 2016, the Board of Directors approved the Equity Option Plan (the “2016 Equity Incentive Plan”), which has a term of 10 years and is administrated by the Board of Directors. Under 2016 Equity Incentive Plan, the Company reserved options to its eligible employees, directors and officers of the Group for the purchase of 7,000,000 of the Company’s ordinary shares in aggregate (excluding shares which have lapsed or have been forfeited).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

In April 2016, the Board of Directors approved option grants to employees for the purchase of 5,985,000 of the Company’s ordinary shares. 50% of the options granted will generally vest in four or five equal installments over a service period (the “2016 Service Options”) while the remaining 50% of the options will vest in two equal installments of 25% each if a fixed targeted return on the Company’s ordinary shares is achieved (the “2016 Market Options”). Both the Service Options and Market Options (collectively, the “2016 Options”) are exercisable only upon the occurrence of an IPO or change of control (each or collectively, the “exercisability event”). The exercisability event constitutes a performance condition that is not considered probable until the completion of the IPO or change of control. The Company will not recognize any compensation expense until the exercisability event occurs. Upon the occurrence of the exercisability event, the effect of the change in this estimate will be accounted for in the period of change by cumulative compensation cost recognition as if the new estimate had been applied since the service inception date, with the remaining unrecognized compensation cost amortized over the remaining requisite service period. Upon the occurrence of the exercisability event (the IPO completion date), the Company immediately recognized expenses associated with options that were vested as of the IPO completion date amounting to RMB90,335. In addition, the Company also will recognize the remaining compensation expenses over the remaining service requisite period using the accelerated method.

Modification of options

In November 2017 (“2017 Modification Date”), the Board of Directors modified share options granted to six directors and officers to be fully vested on the 2017 Modification Date. On the 2017 Modification Date, the Company recognized compensation expenses amounting to RMB2,329 (US\$358) associated with the fully vested share options. The fair value of the share options immediately after the modification was the same as that immediately before the modification and therefore, the Company did not recognize any incremental compensation costs related to such modification.

In 2018, the vesting of 432,500 options granted to seven employees was accelerated, and 50,000 options of one employee was cancelled and replaced with cash rewards (which was an isolated non-recurring event). As of the respective modification dates in December 2018, the original performance condition of the 2016 Options was not expected to be satisfied, therefore, the modification-date fair value of the grantees’ respective 2016 Options instead of the original grant-date fair value was used to measure the modified 2016 Options. In 2019, the vesting of 309,000 options granted to four employees was accelerated. As of the respective modification dates in December 2019, the original performance condition of the 2016 Options was not expected to be satisfied, therefore, the modification-date fair value of the grantees’ respective 2016 Options instead of the original grant-date fair value was used to measure the modified 2016 Options.

In December 2021 (“2021 Modification Date”), the Board of Directors modified the exercise price of Options to \$0.25 per share, and such Options shall be exercised on or prior to December 31, 2022. There were no unvested options until 2021 Modification Date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

11. SHARE-BASED PAYMENTS (Continued)

A summary of the equity award activity under 2016 Equity Incentive Plan is stated below:

	Number of options	Weighted-average exercise price US\$	Weighted-average grant date fair value	Weighted-average remaining contractual term US\$	Aggregate intrinsic value US\$
Outstanding, December 31, 2020	1,861,474	1.44	N/A	4.61	2,988
Exercised	(50,000)	1.44	N/A	N/A	16
Forfeited/Cancelled	(110,000)	1.44	N/A	N/A	—
Outstanding, December 31, 2021	1,701,474	0.64	N/A	1.00	—
Vested and expected to vest at December 31, 2021	1,701,474	0.64	N/A	1.00	—
Exercisable at December 31, 2021	1,701,474	0.64	N/A	1.00	—

The aggregate intrinsic value in the table above represents the difference between the fair value of the Company’s ordinary share as of December 31, 2021 and the option’s respective exercise price. Total intrinsic value of options exercised for the years ended December 31, 2019, 2020 and 2021 was RMB9,981, RMB2,380 and RMB104 (US\$16).

There were nil awards were vested for the year ended December 31, 2021. There was nil of total unrecognized share-based compensation expenses.

2017 Share Incentive Plan

In 2017, the Board of Directors approved the Share Incentive Plan (the “2017 Share Incentive Plan”), which has a term of 10 years and is administrated by the Board of Directors. Under 2017 Share Incentive Plan, the Company reserved options to its eligible employees, directors and officers of the Group for the purchase of 5,000,000 of the Company’s ordinary shares in aggregate (excluding shares which have lapsed or have been forfeited).

In April 2019, the Board of Directors approved option grants to employees for the purchase of 4,800,000 of the Company’s ordinary shares. 60% of the options granted will generally vest in four equal installments over a prespecified service period (the “2017 Service Options”) while the remaining 40% of the options will vest based on certain performance conditions (the “2017 Performance Options”).

In May 2021, the Board of Directors approved option grants to employees for the purchase of 850,000 of the Company’s ordinary shares. 60% of the options granted will generally vest in four equal installments over a prespecified service period (the “2017 Service Options”) while the remaining 40% of the options will vest based on certain performance conditions (the “2017 Performance Options”).

Modification of options

On August 12, 2020, considering the outstanding options granted under 2017 Share Incentive Plan was out-of-money, the Board of Directors and compensation committee modified the 2017 Share Incentive Plan (the “Modified 2017 Share Incentive Plan”), pursuant to which the exercise price was adjusted down to US\$1.75 per option, the vesting period was extended to ranging from December 31, 2020 to December 31, 2023, and the performance conditions were replaced with market conditions. 2,550,000 options were modified and the total incremental cost resulted from this modification was RMB9,018 (US\$1,382).

On September 11, 2020, 1,613,506 options were granted to an employee under the Modified 2017 Share Incentive Plan. 60% of the options granted will generally vest in four equal installments on an annual basis with first vesting date on December 31, 2021, and the vesting of the remaining 40% of the options is based on certain market condition.

On December 30, 2021, the Board of Directors modified 2017 Share Incentive Plan, pursuant to which the exercise price was adjusted down to US\$0.25 per share, the exercise period was amended to December 31, 2022, the market conditions were cancelled,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)**

and the vesting of 746,552 options granted to 17 employees was accelerated. 1,433,104 options were modified and the total incremental cost resulted from this modification was RMB137(US\$21).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

11. SHARE-BASED PAYMENTS (Continued)

A summary of the equity award activity under 2017 Share Incentive Plan and Modified 2017 Share Incentive Plan is stated below:

	Number of options	Weighted – average exercise price US\$	Weighted- average grant date fair value	Weighted- average remaining contractu al term US\$	Aggregate intrinsic value US\$
Outstanding, December 31, 2020	3,873,506	1.89	1.76	8.86	4,731
Granted	850,000	1.75	0.63		
Exercised	(23,300)	1.75	3.09		14
Forfeited/Cancelled	(3,030,852)	1.93	1.52		
Outstanding, December 31, 2021	1,669,354	0.46	2.15	1.00	—
Vested and expected to vest at December 31, 2021	1,669,354	0.46	2.15	1.00	—
Exercisable at December 31, 2021	1,669,354	0.46	2.15	1.00	—

The aggregate intrinsic value in the table above represents the difference between the fair value of the Company’s ordinary share as of December 31, 2021 and the option’s respective exercise price. Total intrinsic value of options exercised for the years ended December 31, 2021 was RMB87 (US\$14).

1,157,328 awards were vested for the year ended December 31, 2021, and the weighted-average grant-date fair value for vested options is US\$2.05. As of December 31, 2021, there was nil of total unrecognized share-based compensation expenses.

2020 Equity Incentive Plan

The Company adopted its 2020 Equity Incentive Plan on August 13, 2020, and the maximum aggregate number of ordinary shares which may be issued pursuant the plan is 4,147,494. 60% of the options granted will generally vest in four equal installments on an annual basis with first vesting dates varying from December 31, 2021 to December 31, 2022, and the remaining 40% of the options will vest based on certain market condition. A summary of the equity award activity under the 2020 Share Incentive Plan is as follows:

Modification of options

In December 2021, the Board of Directors modified 2020 Share Incentive Plan, pursuant to which the exercise price was adjusted down to US\$0.25 per share, the exercise period was amended to December 31, 2022, the market conditions were cancelled, and the vesting of 277,048 options granted to 6 employees was accelerated. 554,096 options were modified and the total incremental cost resulted from this modification was RMB18(US\$3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

11. SHARE-BASED PAYMENTS (Continued)

A summary of the equity award activity under the 2020 Share Incentive Plan is as follows:

	Number of options	Weighted- average exercise price US\$	Weighted- average grant date fair value	Weighted- average remaining contractual term US\$	Aggregate intrinsic value US\$
Outstanding, December 31, 2020	3,645,494	1.75	1.49	9.70	4,721
Exercised	(5,860)	1.75	1.59		3
Forfeited/Cancelled	(2,932,538)	1.75	1.47		
Outstanding, December 31, 2021	707,096	0.57	1.60	1.00	—
Vested and expected to vest at December 31, 2021	707,096	0.57	1.60	1.00	—
Exercisable at December 31, 2021	707,096	0.57	1.60	1.00	—

The aggregate intrinsic value in the table above represents the difference between the fair value of the Company’s ordinary share as of December 31, 2021 and the option’s respective exercise price. Total intrinsic value of options exercised for the years ended December 31, 2021 was RMB 21 (US\$3).

514,572 awards were vested for the year ended December 31, 2021, and the weighted-average grant-date fair value for vested options is US\$1.60. As of December 31, 2021, there was nil of total unrecognized share-based compensation expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

11. SHARE-BASED PAYMENTS (Continued)

The fair value of awards granted or modified under 2016 Equity Incentive Plan, 2017 Share Incentive Plan, modified 2017 Share Incentive Plan and 2020 Equity Incentive Plan were determined using the binomial option valuation model and Monte Carlo simulation model, respectively, with the assistance from an independent appraiser. The option valuation models required the input of highly subjective assumptions, including the expected share price volatility and the suboptimal early exercise factor. For expected volatilities, the Company has made reference to historical volatilities of several comparable companies. The suboptimal early exercise factor was estimated based on the Company’s expectation of exercise behavior of the grantees. The risk-free rate for the period within the contractual life of the Options is based on the market yield of U.S. Treasury Bonds in effect at the time of grant. The estimated fair value of the ordinary shares, was determined with the assistance of an independent third-party appraiser. Subsequent to the IPO, fair value of the ordinary shares is the price of the Company’s publicly traded shares. The Company’s management is ultimately responsible for the determination of the estimated fair value of its ordinary shares.

The assumptions used to estimate the fair value of awards granted or modified under 2016 Equity Incentive Plan, 2017 Share Incentive Plan, modified 2017 Share Incentive Plan and 2020 Equity Incentive Plan are as follows:

	2016 Equity Incentive Plan		
	For the year ended December 31,		
	2019	2020	2021
Risk-free interest rate	2.41%-3.34%	N/A	N/A
Expected volatility range	53.70%-55.20%	N/A	N/A
Suboptimal exercise factor	2.80	N/A	N/A
Fair value per ordinary share as at valuation date	US\$4.11~US\$5.37	N/A	N/A

	2017 Share Incentive Plan and Modified 2017 Share Incentive Plan		
	For the year ended December 31,		
	2019	2020	2021
Risk-free interest rate	3.29%	1.65%~1.69%	1.00%~2.30%
Expected volatility range	54.80%	55.10%~55.80%	57.00%~114.50%
Suboptimal exercise factor	2.80	2.80	2.80
Fair value per ordinary share as at valuation date	US\$4.94	US\$1.99~US\$2.69	US\$0.25~US\$1.60

	2020 Share Incentive Plan and Modified 2020 Share Incentive Plan		
	For the year ended December 31,		
	2019	2020	2021
Risk-free interest rate	N/A	1.69%~1.86%	1.00%
Expected volatility range	N/A	55.10%~55.80%	114.50%
Suboptimal exercise factor	N/A	2.80	2.80
Fair value per ordinary share as at valuation date	N/A	US\$2.52~US\$2.69	US\$0.25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

11. SHARE-BASED PAYMENTS (Continued)

All of the share-based compensation is recognized in the discontinued operations. Total cost of the share-based payments is summarized as follows

	For the year ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	USD
Cost of revenues	2,617	1,821	(895)	(141)
Selling and marketing expenses	1,016	1,497	(1,124)	(176)
General and administrative expenses	44,256	14,681	11,556	1,813
Total	47,889	17,999	9,537	1,496

12. ACCUMULATED OTHER COMPREHENSIVE INCOME

	Foreign currency translation adjustments
	RMB
Balance as of January 1, 2019	42,459
Foreign currency translation adjustments, net of tax of nil	(1,542)
Balance as of December 31, 2019	40,917
Foreign currency translation adjustments, net of tax of nil	(1,275)
Balance as of December 31, 2020	39,642
Foreign currency translation adjustments, net of tax of nil	(6,635)
Balance as of December 31, 2021	33,007
	US\$
Balance as of December 31, 2021	5,181

There have been no reclassifications out of accumulated other comprehensive income to net income for the periods presented.

13. CONTINGENCIES*Contingencies*

From time to time, the Group is also subject to legal proceedings, investigations, and claims incidental to the conduct of its business. The Group is currently not involved in any legal or administrative proceedings that may have a material adverse impact on the Group’s business, financial position or results of operations.

14. SUBSEQUENT EVENT*Delisting*

On January 11, 2022, the Company was notified by the Nasdaq Listing Qualifications Staff (“Staff”) that the Staff had determined to delist the Company’s securities unless the Company timely requested a hearing before a Nasdaq Hearings Panel (the “Panel”). The Staff’s determination was based upon its conclusion that the Company is a “public shell” as that term is defined in Nasdaq Listing Rule 5101 as the result of the Company’s sale of substantially all of its assets on December 30, 2021. On February 17, 2022, the Company’s CEO and CFO attended along with its outside counsel, Kirkland & Ellis LLP, and Donohoe Advisory Associates LLC. Drew Chen of Bain Capital Asia (“Bain”) attended the hearing. The Company advised that, it began exploring strategic alternatives, including business combinations. On February 8, 2022, the Company executed a definitive agreement with NaaS for an all-share merger. Finally, the Panel has determined to grant the Company’s request for an exception until June 30, 2022, to allow it to complete a business combination with NaaS and evidence compliance with all initial listing standards of The Nasdaq Stock Market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”)
except share and ADS data and per share and per ADS data)

Plan of Merger

On February 8, 2022, the Company and Data Auto Inc. (“NaaS”), a leading operation and technology provider serving China’s electric vehicle charging market, executed a definitive Agreement and Plan of Merger (the “Merger Agreement”), pursuant to which the shareholders of NaaS will exchange all of the issued and outstanding share capital of NaaS for newly issued shares of the Company on the terms and conditions set forth therein in a transaction exempt from the registration requirements under the Securities Act of 1933 (the “Transaction”). Upon consummation of the Transaction, NaaS will become a wholly-owned subsidiary of the Company. On April 29, 2022, the Company’s extraordinary general meeting of shareholders (the “EGM”) was held. At the EGM, shareholders approved, through a special resolution, the transactions contemplated in the Merger Agreement.

Amendment on convertible loan maturity date

On March 28, 2022, the Company signed an amendment agreement of RMB108,334 (US\$17,000) convertible loan with Bain Capital Education IV to extend the maturity date to June 30, 2023. As the amendment was made before the issuance of the consolidated financial statements for the year ended December 31, 2021, the convertible loan was presented as non-current liabilities in the consolidated balance sheet as of December 31, 2021.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Dada Auto

Opinion on the Financial Statements

We have audited the accompanying combined statements of financial position of Dada Auto (the “Company”) and its subsidiaries combined (the “Group”) as of December 31, 2021 and 2020, and the related combined statements of loss and other comprehensive loss, changes in equity and cash flows for each of the two years in the period ended December 31, 2021 and 2020, and the related notes (collectively referred to as the “financial statements”). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021 and 2020, in conformity with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

Restatement of Previously Issued Financial Statements

As discussed in Note 1 to the combined financial statements, the accompanying 2020 and 2021 combined financial statements have been restated to correct certain misstatements. Our opinion is not modified with respect to this matter.

Basis for Opinion

These combined financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s combined financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the combined financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the combined financial statements that was communicated or required to be communicated to the board of directors and that: (1) relates to accounts or disclosures that are material to the combined financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the combined financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Recognition of revenue generated from online platform

The Group’s revenue was significantly contributed from an online platform of electrical vehicles charging solutions for mobility connectivity services to charging station operators, charging stations and charging piles and connects them to end-users. We identified the revenue recognition from online platform as a critical audit matter due to its significance to the combined financial statements. The recognition of such revenue is highly dependent on data flow accuracy of and the IT controls over the online platform.

The Group’s revenue generated from online platform is recognized when or as the control of the goods or services is transferred to a customer. The accounting policy for revenue recognition and related performance obligations are disclosed in Note 3.14 and Note 15 to the combined financial statements, respectively.

How the Critical Audit Matter Was Addressed in the Audit:

Our procedures in relation to the recognition of revenue generated from online platform included:

- We have evaluated the appropriateness of the revenue recognition policies as adopted by the management;
- We have obtained an understanding of and assessing the design, implementation and operating effectiveness of key internal control including the information technology general control (“ITGC”) and the information technology activity control (“ITAC”) which govern such revenue recognition to ensure input and output information were properly recorded;
- We have performed ITGC audit procedures on the Company’s IT system and the online platform to ensure that the database is reliable;
- We have engaged IT specialists to assist us in testing the data flow accuracy and the calculation logic relevant to the recognition of revenue;
- We have performed audit procedures that included, among others, testing the clerical accuracy and consistency with IFRS of the accounting model developed by the Company to recognize revenue;
- We have tested the payment receipts against third-party payments platforms and instruments such as Alipay and WeChat.

Based on the procedures performed, we found that the Group’s revenue recognition was supported by the evidence obtained.

/s/ Centurion ZD CPA & Co.

Centurion ZD CPA & Co.

We have served as the Company’s auditor since 2022

Hong Kong, China

May 30, 2022 except for the effects of the restatement as described in Note 1, as to which the date is March 27, 2023

PCAOB ID : 2769

DADA AUTO
COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	As of December 31,	
		2020 (as restated) RMB'000	2021 (as restated) RMB'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	3,665	8,489
Trade receivables	7	4,824	38,456
Prepayments, other receivables and other assets	8	49,859	105,833
Total current assets		58,348	152,778
Non-current assets			
Right-of-use assets	10	18,313	19,766
Financial assets at fair value through profit or loss	11	—	5,000
Property, plant and equipment	12	—	548
Deferred tax assets	19 (b)	—	—
Total non-current assets		18,313	25,314
Total assets		76,661	178,092
LIABILITIES AND EQUITY			
Current liabilities			
Current lease liabilities	10	3,935	7,067
Trade payables		4,320	16,872
Other payables and accruals	13	39,947	112,148
Total current liabilities		48,202	136,087
Non-current liabilities			
Non-current lease liabilities	10	13,901	12,566
Total non-current liabilities		13,901	12,566
Total liabilities		62,103	148,653
EQUITY			
Combined capital	14	— *	— *
Additional paid in capital	14	147,986	423,329
Accumulated losses		(133,428)	(393,890)
Total equity		14,558	29,439
Total equity and liabilities		76,661	178,092

The accompanying notes are an integral part of these combined financial statements.

* Representing amount less than RMB1,000.

DADA AUTO

COMBINED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS

	Note	Year ended December 31,	
		2020 (as restated) RMB'000	2021 (as restated) RMB'000
Net Revenues from Online EV Charging Solutions		5,455	17,985
Net Revenues from Offline EV Charging Solutions		565	15,102
Net Revenues from Non-Charging Solutions and Other Services		143	366
Net Revenues	15	6,163	33,453
Other gains, net	16	319	138
Operating costs			
Cost of revenues	17	(6,547)	(29,587)
Selling and marketing expenses	17	(46,458)	(193,340)
Administrative expenses	17	(11,956)	(34,458)
Research and development expenses	17	(17,644)	(30,253)
Total operating costs		(82,605)	(287,638)
Operating loss		(76,123)	(254,047)
Finance costs	18	(300)	(1,097)
Net loss before income tax		(76,423)	(255,144)
Income tax expenses	19	(1,474)	(5,318)
Net loss		(77,897)	(260,462)
Net loss attributable to:			
Equity holders of the Company		(77,897)	(260,462)
		(77,897)	(260,462)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company	20		
(Expressed in RMB per share)			
Basic loss per share		(52,991)	(1,835)
Diluted loss per share		(52,991)	(1,835)
Net loss		(77,897)	(260,462)
Total comprehensive loss		(77,897)	(260,462)
Total comprehensive loss attributable to:			
Equity holders of the Company		(77,897)	(260,462)
		(77,897)	(260,462)

The accompanying notes are an integral part of these combined financial statements.

DADA AUTO

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Note	Combined capital (as restated) RMB'000	Additional paid- in capital (as restated) RMB'000	Accumulated losses (as restated) RMB'000	Total (as restated) RMB'000
Balance at January 1, 2020		— *	79,604	(55,531)	24,073
Comprehensive loss					
Loss for the year		—	—	(77,897)	(77,897)
Total comprehensive loss for the year		—	—	(77,897)	(77,897)
Transactions with equity holders:					
Issuance of ordinary shares		— *	—	—	— *
Contribution from a shareholder	14	—	68,382	—	68,382
Balance at December 31, 2020 and January 1, 2021		— *	147,986	(133,428)	14,558
Comprehensive loss					
Loss for the year		—	—	(260,462)	(260,462)
Total comprehensive loss for the year		—	—	(260,462)	(260,462)
Transactions with equity holders:					
Contribution from a shareholder	14	—	264,555	—	264,555
Share-based compensation from shareholder's ESOP		—	10,788	—	10,788
Balance at December 31, 2021		— *	423,329	(393,890)	29,439

The accompanying notes are an integral part of these combined financial statements.

* Representing amount less than RMB1,000.

DADA AUTO
COMBINED STATEMENTS OF CASH FLOWS

	Note	Year ended December 31,	
		2020 (as restated) RMB'000	2021 (as restated) RMB'000
Cash flows from operating activities			
Cash used in operations	21(a)	(56,940)	(219,114)
Net cash used in operating activities		(56,940)	(219,114)
Cash flows from investing activities			
Purchase of property, plant and equipment		—	(606)
Purchase of financial assets at fair value through profit or loss	11	—	(5,000)
Net cash flows used in investing activities		—	(5,606)
Cash flows from financing activities			
Interests paid	10	—	(193)
Payments of lease liabilities	10	—	(1,881)
Contribution from a shareholder	14	58,481	231,618
Net cash flows generated from financing activities		58,481	229,544
Net increase in cash and cash equivalents		1,541	4,824
Cash and cash equivalents at the beginning of the year		2,124	3,665
Cash and cash equivalents at the end of the year	6	3,665	8,489

The accompanying notes are an integral part of these combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. Restatement of Previously Issued Consolidated Financial Statements

NaaS Technology Inc. has restated its Combined Statements of Financial Position as of December 31, 2021 and 2020, Combined Statements of Loss and Other Comprehensive Loss, Changes in Equity and Cash Flows for each of the fiscal years ended December 31, 2021 and 2020, included in the Annual Report on Form 20-F for the fiscal year ended December 31, 2021, which was originally filed with the U.S. Securities and Exchange Commission (the “SEC”) on June 16, 2022 (the “Original 20-F”).

The “Group”, means (i) prior to the completion of the Restructuring, subsidiaries and VIEs of Newlink that provided EV charging services in China, and (ii) upon and after the completion of the Restructuring, Dada Auto, its subsidiaries, and for the period during which Dada Auto maintained VIE arrangements with Kuaidian Power (Beijing) New Energy Technology Co., Ltd., the VIE Kuaidian Power (Beijing) New Energy Technology Co., Ltd.

The individual restatement matters that underlie the restatement adjustments are described below:

- revising the presentation of gross revenues, incentive to end-users and net revenues.
- revising the measurement policy for revenue from membership program and full station operation. The Group offers a membership program to its registered users on the platform. The Group has determined that each membership benefit provided over the membership period is a material right that would need to be accounted for as a performance obligation. The Group recognizes revenue when the underlying benefit is redeemed by the customer on a transaction by transaction basis as part of online EV charging solution services or when the benefit is expired.
- revising to disclose all required information of share capital in accordance with IAS 1.79.
- revising to disclose all required contract balances information in accordance with paragraphs 116 through 118 of IFRS 15.
- reclassifying platform service fee, bandwidth expenses and server custody costs from research and development expenses to cost of revenue, as it relates to generation of revenues.
- reclassifying balance sheet line items, such as reclassifying balances related to sales of charging piles from *prepayments, other receivables and other assets* to *trade receivables*, and balances related to payables to charging station from *other payables and accruals* to *trade and bills payables*, etc. This is mainly due to those balances was related to trading activities with customers and suppliers.
- revising to recognize the share-based compensation related to the share awards granted by Newlink to certain of our employees, according to the evaluation of transfer pricing policies of our transfer pricing advisor, which was completed in January 2023. EV charging service business was historically part of Newlink’s businesses and were conducted by Newlink and its consolidated entities at the time. Prior to the completion of the Restructuring, Newlink granted options to certain of its employees associated with the EV Charging Business, which employees were subsequently transferred to the Group as part of the Restructuring. The allocation of share-based compensation in 2021 was approximately RMB10.7 million and credited to additional paid in capital accordingly. The Company also updated the disclosure of related party transaction accordingly.
- updating IFRIC 23 provisions on corporate income tax, according to the best estimation as of respective balance sheet dates.
- updating certain VAT-related balances and revising the method of estimating the recoverability of uncollected input VAT receipts (which is recorded in other receivables) and adjusting previously recognized provision accordingly.
- updating discount rate to calculate interest expense on lease liabilities, based on the actual finance cost as of respective balance sheet dates.

The following presents a reconciliation of the impacted financial statement line items as filed to the restated amounts as of December 31, 2020 and 2021, and for the years ended December 31, 2020 and 2021. The previously reported amounts reflect those included in the Original Filing filed with the SEC on June 16, 2022. These amounts are labeled as “As Filed” in the tables below. The amounts labeled “Restatement Adjustments” represent the effects of this restatement due to the revisions mentioned above.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Combined statements of financial position	As of December 31, 2020		
	As Filed RMB'000	Restatement Adjustments RMB'000	As Restated RMB'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3,665	—	3,665
Trade receivables	—	4,824	4,824
Prepayments, other receivables and other assets	44,693	5,166	49,859
Total current assets	48,358	9,990	58,348
Non-current assets			
Right-of-use assets	19,237	(924)	18,313
Financial assets at fair value through profit or loss	—	—	—
Property, plant and equipment	—	—	—
Deferred tax assets	9	(9)	—
Total non-current assets	19,246	(933)	18,313
Total assets	67,604	9,057	76,661
LIABILITIES AND EQUITY			
Current liabilities			
Current lease liabilities	4,216	(281)	3,935
Trade payables	—	4,320	4,320
Other payables and accruals	39,234	713	39,947
Total current liabilities	43,450	4,752	48,202
Non-current liabilities			
Non-current lease liabilities	14,390	(489)	13,901
Total non-current liabilities	14,390	(489)	13,901
Total liabilities	57,840	4,263	62,103
EQUITY			
Combined capital	— *	—	— *
Additional paid in capital	147,986	—	147,986
Accumulated losses	(138,222)	4,794	(133,428)
Total equity	9,764	4,794	14,558
Total equity and liabilities	67,604	9,057	76,661

* Representing amount less than RMB1,000.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Combined statements of financial position	As of December 31, 2021		
	As Filed RMB'000	Restatement Adjustments RMB'000	As Restated RMB'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8,726	(237)	8,489
Trade receivables	740	37,716	38,456
Prepayments, other receivables and other assets	117,498	(11,665)	105,833
Total current assets	126,964	25,814	152,778
Non-current assets			
Right-of-use assets	20,554	(788)	19,766
Financial assets at fair value through profit or loss	5,000	—	5,000
Property, plant and equipment	548	—	548
Deferred tax assets	337	(337)	—
Total non-current assets	26,439	(1,125)	25,314
Total assets	153,403	24,689	178,092
LIABILITIES AND EQUITY			
Current liabilities			
Current lease liabilities	8,061	(994)	7,067
Trade payables	437	16,435	16,872
Other payables and accruals	107,440	4,708	112,148
Total current liabilities	115,938	20,149	136,087
Non-current liabilities			
Non-current lease liabilities	12,396	170	12,566
Total non-current liabilities	12,396	170	12,566
Total liabilities	128,334	20,319	148,653
EQUITY			
Combined capital	— *	—	— *
Additional paid in capital	415,601	7,728	423,329
Accumulated losses	(390,532)	(3,358)	(393,890)
Total equity	25,069	4,370	29,439
Total equity and liabilities	153,403	24,689	178,092

* Representing amount less than RMB1,000.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Combined statements of loss and other comprehensive loss	Year ended December 31, 2020		
	As Filed RMB'000	Restatement Adjustments RMB'000	As Restated RMB'000
Net Revenues from Online EV Charging Solutions	5,124	331	5,455
Net Revenues from Offline EV Charging Solutions	565	—	565
Net Revenues from Non-Charging Solutions and Other Services	143	—	143
Net Revenues	5,832	331	6,163
Other (losses)/ gains, net	(19)	338	319
Operating costs			
Cost of revenues	(8,625)	2,078	(6,547)
Selling and marketing expenses	(47,214)	756	(46,458)
Administrative expenses	(11,755)	(201)	(11,956)
Research and development expenses	(20,448)	2,804	(17,644)
Total operating costs	(88,042)	5,437	(82,605)
Operating loss	(82,229)	6,106	(76,123)
Finance costs	89	(389)	(300)
Net loss before income tax	(82,140)	5,717	(76,423)
Income tax expenses	(42)	(1,432)	(1,474)
Net loss	(82,182)	4,285	(77,897)
Net loss attributable to:			
Equity holders of the Company	(82,182)	4,285	(77,897)
	(82,182)	4,285	(77,897)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company			
(Expressed in RMB per share)			
Basic loss per share	(55,906)	2,915	(52,991)
Diluted loss per share	(55,906)	2,915	(52,991)
Net loss	(82,182)	4,285	(77,897)
Total comprehensive loss	(82,182)	4,285	(77,897)
Total comprehensive loss attributable to:			
Equity holders of the Company	(82,182)	4,285	(77,897)
	(82,182)	4,285	(77,897)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

	Year ended December 31, 2021		
	As Filed	Restatement Adjustments	As Restated
	RMB'000	RMB'000	RMB'000
Combined statements of loss and other comprehensive loss			
Net Revenues from Online EV Charging Solutions	10,104	7,881	17,985
Net Revenues from Offline EV Charging Solutions	7,060	8,042	15,102
Net Revenues from Non-Charging Solutions and Other Services	610	(244)	366
Net Revenues	17,774	15,679	33,453
Other (losses)/ gains, net	(1,402)	1,540	138
Operating costs			
Cost of revenues	(18,863)	(10,724)	(29,587)
Selling and marketing expenses	(183,165)	(10,175)	(193,340)
Administrative expenses	(28,458)	(6,000)	(34,458)
Research and development expenses	(37,158)	6,905	(30,253)
Total operating costs	(267,644)	(19,994)	(287,638)
Operating loss	(251,272)	(2,775)	(254,047)
Finance costs	(640)	(457)	(1,097)
Net loss before income tax	(251,912)	(3,232)	(255,144)
Income tax expenses	(398)	(4,920)	(5,318)
Net loss	(252,310)	(8,152)	(260,462)
Net loss attributable to:			
Equity holders of the Company	(252,310)	(8,152)	(260,462)
	(252,310)	(8,152)	(260,462)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company			
(Expressed in RMB per share)			
Basic loss per share	(50,462)	48,627	(1,835)
Diluted loss per share	(50,462)	48,627	(1,835)
Net loss	(252,310)	(8,152)	(260,462)
Total comprehensive loss	(252,310)	(8,152)	(260,462)
Total comprehensive loss attributable to:			
Equity holders of the Company	(252,310)	(8,152)	(260,462)
	(252,310)	(8,152)	(260,462)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Combined statements of cash flows	Year ended December 31, 2020		
	As Filed	Restatement Adjustments	As Restated
	RMB'000	RMB'000	RMB'000
Cash flows from operating activities			
Cash used in operations	(63,014)	6,074	(56,940)
Net cash used in operating activities	(63,014)	6,074	(56,940)
Cash flows from investing activities			
Purchase of property, plant and equipment	—	—	—
Purchase of financial assets at fair value through profit or loss	—	—	—
Net cash flows used in investing activities	—	—	—
Cash flows from financing activities			
Interests paid	(189)	189	—
Payments of lease liabilities	(3,956)	3,956	—
Contribution from a shareholder	68,700	(10,219)	58,481
Net cash flows generated from financing activities	64,555	(6,074)	58,481
Net increase in cash and cash equivalents	1,541	—	1,541
Cash and cash equivalents at the beginning of the year	2,124	—	2,124
Cash and cash equivalents at the end of the year	3,665	—	3,665

Combined statements of cash flows	Year ended December 31, 2021		
	As Filed	Restatement Adjustments	As Restated
	RMB'000	RMB'000	RMB'000
Cash flows from operating activities			
Cash used in operations	(250,035)	30,921	(219,114)
Net cash used in operating activities	(250,035)	30,921	(219,114)
Cash flows from investing activities			
Purchase of property, plant and equipment	(606)	—	(606)
Purchase of financial assets at fair value through profit or loss	(5,000)	—	(5,000)
Net cash flows used in investing activities	(5,606)	—	(5,606)
Cash flows from financing activities			
Interests paid	(767)	574	(193)
Payments of lease liabilities	(6,146)	4,265	(1,881)
Contribution from a shareholder	267,615	(35,997)	231,618
Net cash flows generated from financing activities	260,702	(31,158)	229,544
Net increase in cash and cash equivalents	5,061	(237)	4,824
Cash and cash equivalents at the beginning of the year	3,665	—	3,665
Cash and cash equivalents at the end of the year	8,726	(237)	8,489

NOTES TO THE COMBINED FINANCIAL STATEMENTS

In addition, amounts were restated in the following:

- Note 3. Financial risk management
- Note 6. Cash and cash equivalents
- Note 7. Trade receivables
- Note 8. Prepayments, other receivables and other assets
- Note 10. Lease
- Note 11. Financial asset at fair value through profit or loss
- Note 13. Other payables and accruals
- Note 14. Combined capital and additional paid in capital
- Note 15. Revenues
- Note 16. Other losses, net
- Note 17. Operating costs by nature
- Note 18. Finance costs
- Note 19. Taxation
- Note 20. Loss per share
- Note 24. Related party transaction

2. Corporate information

2.1. General information

Dada Auto (the “Company”) was incorporated in the Cayman Islands on July 15, 2019 as an exempted company with limited liability.

The Company is a holding company. Since May 2022, upon the Reorganization, the Company and its subsidiaries comprised the Group, see Note 2.2 for details. The Company has not commenced any business or operation till December 31, 2021, since its incorporation other than the Reorganization.

2.2. History and reorganization of the Group

The EV charging services were launched in 2019 through Chezhubang (Beijing) Technology Co., Ltd. (“Chezhubang Technology”), and its subsidiaries Beijing Chezhubang New Energy Technology Co., Ltd. (“Beijing Chezhubang”) and Kuaidian Power (Beijing) New Energy Technology Co., Ltd. (“Kuaidian Power Beijing”), which were established by Chezhubang Technology in July 2018 and August 2019, respectively. Chezhubang Technology was controlled by Newlink. Kuaidian Power Beijing subsequently acquired Shaanxi Kuaidian Mobility Technology Co., Ltd. (“Shaanxi Kuaidian”) in May 2020. The consideration was immaterial, because no substantial operation was conducted by Shaanxi Kuaidian when acquired.

In July 2019, Dada Auto was established in the Cayman Islands as the holding company to facilitate the Group’s offshore financing.

In September 2020, Kuaidian Power Beijing established a wholly-owned subsidiary, Zhidian Youtong Technology Co., Ltd. (“Zhidian Youtong”).

NOTES TO THE COMBINED FINANCIAL STATEMENTS

In February 2021, Cosmo Light (Beijing) New Energy Technology Co., Ltd. (“Cosmo Light”) was established. In April 2021, Xixian New District Constant Energy Joint New Energy Automobile Co., Ltd. (“XXND Automobile”) and Qingdao Hill Matrix New Energy Technology Co., Ltd. (“QHM New Energy”) were established. Ownership interests in Cosmo Light was held by Shandong Cosmo Light Co., Ltd, and XXND Automobile and QHM New Energy were held by Zhejiang Huzhou Matrix Co., Ltd. In September 2021, Beijing Chezhubang acquired 100% of the ownership interest in Shaanxi Kuaidian.

In early 2022, the Company entered into a series of transactions to restructure its organization and its EV charging service business (the “Reorganization”). In connection with the Reorganization, various intermediate holding companies were established, including Fleetin HK Limited in March 2020. Fleetin HK Limited further established Zhejiang Anji Intelligent Electronics Holding Co., Ltd. (“Anji Zhidian”), a wholly-owned subsidiary in China, in December 2021.

As part of the Reorganization, Anji Zhidian acquired 100% of the ownership interest in Beijing Chezhubang from Chezhubang Technology, and Beijing Chezhubang in turn acquired 100% of the ownership interest in Zhidian Youtong. In conjunction therewith the Company acquired: (a) 100% equity interests in Cosmo Light through Shandong Cosmo Light Limited in March 2022, and (b) 100% equity interests in QHM New Energy through Zhejiang Huzhou Hill Matrix Limited in March 2022, and (c) 80% equity interests in XXND Automobile through Zhejiang Huzhou Hill Matrix Limited in March 2022. Kuaidian Power Beijing entered into VIE arrangement with Anji Zhidian from January 5, 2022 to April 5, 2022, temporarily, and then Anji Zhidian acquired 100% of the equity interests in Kuaidian Power Beijing as part of the Reorganization.

2.3. Subsidiaries

The Company’s major subsidiaries as at December 31, 2021 are set out below. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of incorporated	Date of incorporation/ establishment	Effective interest held upon completion of reorganization	Principal activities
Subsidiaries				
Kuaidian Power (Beijing) New Energy Technology Co., Ltd.	Beijing, China	August 20, 2019	100 %	Online EV Charging Solutions, Non-Charging Solutions and Other Services
Beijing Chezhubang New Energy Technology Co., Ltd.	Beijing, China	July 18, 2018	100 %	Online EV Charging Solutions
Zhidian Youtong Technology Co., Ltd.	Shandong, China	September 27, 2020	100 %	Offline EV Charging Solutions
Shaanxi Kuaidian Mobility Technology Co., Ltd.	Shaanxi, China	May 29, 2018	100 %	Offline EV Charging Solutions
Qingdao Hill Matrix New Energy Technology Co., Ltd.	Shandong, China	April 26, 2021	100 %	Offline EV Charging Solutions
Cosmo Light (Beijing) New Energy Technology Co., Ltd.	Beijing, China	February 22, 2021	100 %	Online EV Charging Solutions

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2.4. Basis of presentation

Immediately prior to and after the Reorganization, the Listing Business was carried out by Newlinks Technology Limited and its subsidiaries. Pursuant to the Reorganization, the Listing Business is controlled by the Company, through direct equity holding. The Company and those companies newly set up during the Reorganization have not been involved in any other business prior to the Reorganization and their operations do not meet the definition of a business. The Reorganization is merely a reorganization of the Listing Business and does not result in any changes in business substance, nor in any management or owners of the Listing Business. Accordingly, the Group resulting from the Reorganization is regarded as a continuation of the Listing Business and the financial information of the companies now comprising the Group is presented using the carrying value of the Listing Business for all periods presented.

Intercompany transactions, balances and unrealized gains/losses on transactions between companies now comprising the Group are eliminated on combination.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these combined financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1. Basis of preparation

The combined financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) as issued by International Accounting Standards Board (“IASB”). The combined financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial asset at fair value through profit or loss which is carried at fair value.

The combined financial statements of the Group were authorized for issue in accordance with a resolution of the directors passed on May 30, 2022.

The combined financial statements are prepared on a going concern basis. See Note 3.2 for details.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the combined financial statements are disclosed in Note 5.

3.1.1. New and amendments to the accounting standards adopted and recent accounting pronouncements**(a) Amendments to the accounting standards adopted**

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning on January 1, 2020, are consistently applied to the Group for the years ended December 31, 2020 and 2021. The adoption of these amendments does not have any significant impact on the combined financial statements of the Group.

(b) New standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group during the years ended December 31, 2020 and 2021 are as follows:

Standards and amendments	Effective for annual periods beginning on or after
IAS 16 (Amendment) ‘Property, plant and equipment – proceeds before intended use’	January 1, 2022
IAS 37 (Amendment) ‘Onerous contracts – cost of fulfilling a contract’	January 1, 2022
IFRS 3 (Amendment) ‘Reference to the conceptual Framework’	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
IFRS 17 Insurance Contracts	January 1, 2023
IFRS 17 (Amendment) Insurance Contracts	January 1, 2023

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Standards and amendments	Effective for annual periods beginning on or after
IAS 1 (Amendment) 'Classification of liabilities as current or non-current'	January 1, 2023
IAS 1 and IFRS Practice Statement 2 (Amendment) - Disclosure of Accounting Policies	January 1, 2023
IAS 8 (Amendment) - Definition of Accounting Estimates	January 1, 2023
Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9	January 1, 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction Tax	January 1, 2023
Amendment to IFRS 10 and IAS 28 regarding sales or contribution assets between an investor and its associate or joint venture	To be determined

The Company anticipates that the application of the above new standard, amendments and annual improvements will have no material impact on the Group's combined financial statements in the foreseeable future.

3.2. Going concern basis

The Group incurred net losses of RMB77.9 million and RMB260.5 million for the years ended December 31, 2020 and 2021, respectively. Net cash used in operating activities was RMB56.9 million, and RMB219.1 million for the years ended December 31, 2020 and 2021, respectively. The Group assesses its liquidity by its ability to generate cash from operating activities and attract additional capital and/or finance funding.

In January 2022, the Group raised funding through issuing convertible redeemable preference shares, with a total cash consideration of US\$87.3 million (RMB556.4 million), and the Group expects that its existing cash and cash equivalents will be sufficient to fund its operations and meet all of its obligations as they fall due for at least twelve months from the date of issuance of financial statements. The Group's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenues while controlling operating expenses, as well as, generating operational cash flows and continuing to gain support from outside sources of financing. Based on the above considerations, the Group believes that funds from the equity financing will be sufficient to meet the cash requirements to fund planned operations and other commitments for at least the next twelve months. The Group's combined financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

3.3. Subsidiaries and non-controlling interests

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the combined statements of loss and other comprehensive loss, combined statements of financial position, and combined statements of changes in equity, respectively. During the years ended December 31, 2020 and 2021, the net loss attributable to non-controlling interests were nil, respectively.

Entities acquired under common control or transactions accounted for in a manner similar to a pooling-of-interests (for example, a reorganization of entities under common control) are accounted under the “book value” accounting, where the Company recognizes the assets acquired and liabilities assumed using the book values of the transferor. When the combined financial statements are issued for a period that includes the date the common control transaction occurred, the Company’s combined financial statements of all prior periods are retrospectively revised to the earliest date presented.

3.4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decisions, has been identified as the Chief Executive Officer of the Group, who reviews the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group as a whole.

For the purpose of internal reporting and management’s operation review, the CODM and management personnel do not segregate the Group’s business by product or service lines. Hence, the Group has only one operating segment. In addition, the Group does not distinguish between markets or segments for the purpose of internal reporting. As the Group’s assets and liabilities are substantially located in the PRC, substantially all revenues are earned and substantially all expenses are incurred in the PRC, no geographical segments are presented.

3.5. Foreign currency translation**(a) Functional and presentation currency**

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its overseas subsidiaries is USD. The functional currency of subsidiaries in the Group incorporated in the PRC, is the Renminbi ("RMB"). The Group presents its combined financial statements in RMB, unless otherwise stated.

(b) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of reporting period ended.
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income or loss.

During years ended December 31, 2020 and 2021, there were no translation difference recognized for there was no overseas transactions led to translation differences.

3.6. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost amounts, net of their residual values, over their estimated useful lives, as follows:

- Electronic equipment 5 years

The asset's residual values and useful lives are reviewed, and adjusted of appropriate at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are recognized in "Other losses, net" in the combined statement of loss and other comprehensive loss. During the years ended December 31, 2020 and 2021, no such disposal occurred.

3.7. Investments and other financial assets**(a) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and,
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI"). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows of the financial asset expire; (ii) the contractual rights to receive the cash flows and substantially all the risks and rewards of ownership of the financial asset have been transferred; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of derecognition of transfer of cash flows ("pass through" requirements) and substantially all the risks and rewards of ownership of the financial asset have been transferred.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss or retained earnings:

- the carrying amount of the financial asset transferred; and
- the sum of the consideration received from the transfer and any cumulative gains or losses that has been recognised directly in equity.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at FVPL are expensed in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial asset at FVPL are recognized in profit or loss and presented within other losses in the statement of loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3.8. Trade receivables and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Majority of other receivables and prepayments are from online EV charging solutions services. They are generally due for settlement within one year (or in the normal operating cycle of the business if longer) and therefore all classified as current.

Trade receivables and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 8 for further information about other receivables and Note 4.1 for a description of the Group's financial risk.

Impairment on trade receivables and other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a deposit or receivable has occurred since initial recognition, the impairment is measured as lifetime expected credit losses. See Note 4.1 for details.

3.9. Cash and cash equivalents

For the purpose of presentation in the combined statements of cash flows, cash and cash equivalents includes cash on hand, cash at bank, and deposits held at licensed payment platforms that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

3.10. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.11. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. These amounts are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.12. Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(c) Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(d) Uncertain tax positions

In determining the amount of current and deferred income tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes, interest or penalties may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.13. Employee benefits**(a) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(b) Post-employment obligations

The Group has a defined contribution plan in which the Group pays fixed contributions to publicly administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurances plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Bonus plan

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

3.14. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods or services in the ordinary course of the Group's activities.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e., the Group is an agent).

The Group is a principal if it controls the specified goods or services before those goods or services are transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified goods or services by another party. In this case, the Group does not control the specified goods or services provided by another party before those goods or services are transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Revenue is recognized when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

Control of the goods and services is transferred over time if the Group's performance:

- i. provides all of the benefits received and consumed simultaneously by the customer;
- ii. creates and enhances an asset that the customer controls as the Group performs; or
- iii. does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

3.14.1 The accounting policy for the Group's principal revenue sources

Online EV charging solutions

The Group offers effective mobility connectivity services by a platform (mainly includes Kuaidian mobile application, and Kuaidian Weixin mini-program) to connect charging station operators and end-users to facilitate the completion of successful EV charging. Historically, Kuaidian Power Beijing operated *Kuaidian*. The performance obligations for the Group is to present the charging stations and charging piles on the platform, and provide such information for end-users who visit the platform, they could select charging stations and charging piles on their own. Upon the completion of an EV charging order, the Group recognises the service income charged to operators and end-users. The Group provides services to both charging station operators and end-users according to agreements, and the Group performs its obligations for both parties during one transaction, both charging stations and end-users are regarded as the customers of platform services.

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The Group has determined that it acts as an agent in the online EV charging solutions services as (i) the Group does not obtain control of the services prior to its transfer to the end-user; (ii) the Group does not direct charging stations to perform the service on the Group's behalf, (iii) the Group is not primarily responsible for charging services provided to end-users, nor do the Group has inventory risk related to these services, and (iv) the Group facilitates setting the price for charging services, however, charging stations and end-users have the ultimate discretion in accepting the transaction price and this indicator alone does not result in controlling the services provided to end-users.

The Group pays to the charging station operators in advance before the delivery of service and records it as prepayment as it could be returned. In some cases, the Group may settle afterwards and the balance owed to operators is recorded as payable. Besides that, the Group also provides other online solutions, such as software as a service ("SaaS") to charging stations to improve the digitalization and the management of them.

The Group offers a membership program ("VIP membership") to its registered users on the platform. Memberships are offered for a one-month, three-month or twelve-month period and customers pay a fixed non-refundable upfront membership fee. During the membership period, members enjoy benefits including exclusive discount on the charging service fee and exclusive membership coupon issued on a monthly basis that expire at the end of the month. The Group has determined that each membership benefit provided over the membership period is a material right that would need to be accounted for as a performance obligation. Transaction price is allocated to each performance obligation based on its standalone selling price. The Group recognizes revenue when the underlying benefit is redeemed by the customer on a transaction by transaction basis as part of online EV charging solution services or when the benefit is expired.

Offline EV charging solutions

The Group offers offline services to charging station operators related to their operations, including operation of EV charging station, hardware procurement, electricity procurement.

In case the Group leases certain EV charging stations and operates the EV charging stations on its own discretion, the Group has determined that it acts as a principal in the services as the Group is primarily responsible for providing the EV charging service to EV drivers. The Group provides charging services based on orders from its own platform as well as other third-party's platforms. Also, the Group has full discretion in establishing service fee rates for the charging services to customers. EV charging fees received/receivable by the Group under such instances are recognised as revenue on a gross basis when the service is rendered.

The Group considers itself as an agent for the hardware procurement and electricity procurement services as the Group does not control hardware or electricity during the transaction. Therefore revenues from such services are recognized on a net basis.

Non-charging solutions and other services

The Group provides charging station operators with additional retail services and other amenities and ancillary services. The Group charges commission fees based on the value of the facility and the merchandise supplied to charging station operators. Revenues for such services are recognized when the Group satisfies the performance obligations under the service contracts.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3.14.2. Contract balances

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The contract liabilities balance mainly includes advances from platform users and VIP membership. The balances of contract liability as of December 31, 2020 and 2021 were RMB8.9 million and RMB25.1 million respectively.

3.14.3 Incentives

The Group offers discounts and promotions to end-users to encourage use of the platform in online EV charging solutions business. The Group records such incentives to end-users as reduction of revenue, to the extent of the revenue collected from the customers, unless the payment is in exchange for a distinct good or service and the payment does not exceed fair value of that good or service. In certain transactions, the incentives offered to the end-users exceed the revenue generated from the same transaction. The excess payment is presented as selling and marketing expense instead of negative revenue, as the payment does not relate to any other contracts (including past contracts or anticipated future contracts) with the customers.

If consideration payable to a customer is a payment for a distinct good or service from the customer, the Group accounts for the purchase of the good or service in the same way that it accounts for other purchases from suppliers. If the Group cannot reasonably estimate the fair value of the good or service received from the customer, the Group will account for all of the consideration payable to the customer as a reduction of the transaction price.

3.15. Cost of revenue

Cost of revenues mainly consists of electricity costs, depreciation of right-of-use assets, payment processing cost, server cloudy costs and others.

3.16. Selling and marketing expenses

Selling and marketing expenses mainly consist of expenses of certain discounts and promotions to end-users, salaries for sales and marketing personnel, and advertising expenses for branding and acquiring end-users for charging services. Advertising costs are expensed when the service is received.

In connection with the online EV charging solutions, the Group offers discounts and promotions to end-users to encourage use of the platform. Accordingly, the Group records the cost of these discounts and promotions as a reduction of revenue on a transaction-by-transaction basis at the time the transaction is completed. In certain transactions, the incentives offered to the end-users exceed the revenue generated from the customers for the same transaction. The excess part is presented as an expense instead of negative revenue, as it does not relate to any other contracts (including past contracts or anticipated future contracts) with the customers.

3.17. Administrative expenses

Administrative expenses mainly consist of salaries and benefits for management and administrative personnel, rental and related expenses, professional fees and other general corporate expenses.

3.18. Research and development expenses

Research and development expenses mainly consist of salaries and benefits as well as related expenses by research and development team. All research and development costs are expensed as incurred, excluding those relating to improvements and maintenance which was recorded as cost of revenue.

3.19. Income tax

Income tax for each year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting year, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

3.20. Provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of resources will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of resources is remote.

3.21. Loss per share

(a) Basic earnings per share

Basic loss per share is calculated by dividing:

- the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year/period and excluding treasury shares.

(b) Diluted earnings per share.

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.22. Leases

The Group, as a lessee, leases office buildings and charging stations. Lease contracts are typically made for fixed periods of two years to five years. Lease is recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. The Group uses the incremental borrowing rate, for the implicit rate cannot be readily determined, which is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and office buildings are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

3.23. Finance costs

Finance costs, net mainly consists of finance costs related to operating lease, and interest income from bank deposits.

4. Financial risk management

4.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

- (a) Market risk
- (i) Foreign exchange risk

Foreign exchange risk primarily arises from recognised assets and liabilities denominated in a currency other than the functional currency of the Group's subsidiaries. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize non-functional currency transactions.

The Group operates mainly in the PRC with most of the transactions settled in RMB. Management considers that the business is not exposed to significant foreign exchange risk as there are no significant assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

- (b) Liquidity risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents, or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The Group expects that its existing cash and cash equivalents will be sufficient to fund its operations and meet all of its obligations as they fall due for at least twelve months from the date of issuance of financial statements. The Group raised funding through convertible redeemable preference shares on January 14 and January 26, 2022, with a total cash consideration of US\$87.3 million (RMB556.4 million). See Note 3.2 for details related to going concern basis.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at each statement of financial position date to the contractual maturity date. The amounts disclosed in the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

	<u>Less than 1 year</u> RMB'000	<u>Between 1 and 2 years</u> RMB'000	<u>Between 2 and 5 years</u> RMB'000	<u>Total</u> RMB'000	<u>Carrying amount</u> RMB'000
At December 31, 2020					
Trade payables	4,320	—	—	4,320	4,320
Other payables and accruals (excluding Employee benefit payables and taxes payables)	10,132	—	—	10,132	10,132
Lease liabilities	5,005	4,117	11,321	20,443	17,836
	<u>19,457</u>	<u>4,117</u>	<u>11,321</u>	<u>34,895</u>	<u>32,288</u>
At December 31, 2021					
Trade payables	16,872	—	—	16,872	16,872
Other payables and accruals (excluding Employee benefit payables and taxes payables)	35,774	—	—	35,774	35,774
Lease liabilities	8,294	6,205	7,204	21,703	19,633
	<u>60,940</u>	<u>6,205</u>	<u>7,204</u>	<u>74,349</u>	<u>72,279</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(c) Credit risk

Credit risk arises from cash and cash equivalents, trade receivables, prepayments and other receivables. The carrying amount of each class of the above financial asset represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial asset.

Credit risk is managed on group basis. Finance team is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Group assesses the credit quality of its customers and other debtors by taking into account various factors including their financial position, past experience and other factors.

Cash and cash equivalents are mainly placed with state-owned financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions.

For accounts receivables, an impairment analysis is performed at each financial position date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the financial position date about past events, current conditions and forecasts of future economic conditions.

4.2. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital (including share capital, additional paid in capital and other reserves) by regularly reviewing the capital structure. As part of this review, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In January 2022, the Group raised funding through issuing convertible redeemable preference shares, for a total cash consideration of US\$87.3 million (RMB556.4 million). Given to the improvement on net debt position, it is considered that the capital risk of the Group is not significant.

This section sets out an analysis of net debt and the movements in the debt for each of the period presented.

	Year ended December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
Lease liabilities – repayable within one year	3,935	7,067
Lease liabilities – repayable after one year	13,901	12,566
Lease liabilities	17,836	19,633

	Cash and cash	Lease liabilities	Total
	equivalents	(as restated)	(as restated)
	(as restated)	RMB'000	RMB'000
	RMB'000	RMB'000	RMB'000
Net debt as at January 1, 2020	2,124	(880)	1,244
Cash flows	1,541	—	1,541
Lease liabilities	—	(16,956)	(16,956)
Net debt as at December 31, 2020	3,665	(17,836)	(14,171)
Cash flows	4,824	2,074	6,898
Lease liabilities	—	(3,871)	(3,871)
Net debt as at December 31, 2021	8,489	(19,633)	(11,144)

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4.3. Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as of each statement of financial position date, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- (1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (2) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- (3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial instruments that are measured at fair value at each statement of financial position date:

	<u>Level 3</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>
Recurring fair value measurements		
At December 31, 2021		
Financial assets at fair value through profit or loss	5,000	5,000

- (a) Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or investor quotes for similar instruments; and
- The discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- The latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

Level 3 instrument of the Group's assets include long-term investments measured at fair value through profit or loss (mainly investments in ordinary shares in unlisted companies with no significant influence) measured at fair value through profit or loss. As the investment is not traded in an active market, its fair value has been determined by using applicable valuation technique, such as market approach.

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Details of movements and significant observable inputs used in the level 3 financial instruments are set out in Note 11.

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair values as of December 31,		Unobservable inputs	Change of inputs at December 31,		Relationship of unobservable inputs to fair value
	2020	2021		2020	2021	
	RMB '000	RMB'000				
Investments in unlisted company	—	5,000	Expected volatility	—	51 %	The higher the expected volatility, the lower the fair value
			Discount for lack of marketability (“DLOM”)	—	19 %	The higher the DLOM, the lower the fair value

The carrying amounts of the Group’s financial asset not carrying at fair values, including cash and cash equivalents, trade receivables, other receivables and prepayments, and the Group’s financial liabilities not carrying at fair values, including trade payables, other payables and accruals, approximate their fair values due to their short maturities or the interest rates are close to the market interest rates.

5. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which will seldom equal the actual results. Management needs to exercise judgement in applying the Group’s accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Revenue recognition

Determining whether the Group is acting as a principal or as an agent when third-party is involved in the provision of certain services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group’s role as a principal or agent, the Group considers factors to determine whether the Group controls the specified goods or service before it is transferred to the customer include, but are not limited to the following: (a) is primarily responsible for fulfilling the contract, (b) is subject to inventory risk, and (c) has discretion in establishing prices. Refer to Note 3.14 for details.

(b) Estimation of useful lives of property, plant and equipment

The Group determines the useful lives of property, plant and equipment on an annual basis. This requires an estimation of the number of years that future economic benefits can be generated by the property, plant and equipment taking into account the expected changes in the market demand for the products or services output from the property, plant and equipment and the expected actions by competitors or potential competitors.

(c) Estimation of recoverability of uncollected input VAT receipts

The Group determines recoverability of uncollected input VAT receipts (which is recorded in other receivables) by considering the historic collection experience of input VAT receipts from the operators and other factors that may affect the operators' capability to issue input VAT receipts. The Group recognizes provision of uncollected input VAT amount as cost of revenue, in cases such as there is indication the operator to terminate cooperation or lose capability to issue input VAT receipts.

(d) Estimation of IFRIC 23 provisions

Where the amount of tax payable or recoverable is uncertain, whether due to the relevant tax authority challenge or due to uncertainty regarding the acceptability of a particular tax treatment under tax law, judgment is required to assess the probability that the uncertain tax treatment will be accepted by the tax authority. In accordance with IFRIC 23, if it is not probable that the uncertain tax treatment will be accepted by the tax authority, the Group shall reflect the effects of uncertainty in determining the related taxable profit. Uncertain tax provisions include any related penalties, if applicable under the tax law.

(e) Deferred tax assets

In determining the recognition of deferred tax assets, the Group considers the realizability of the deferred tax asset on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more or less than expected, a material recognition or reversal of deferred tax assets may arise, which would be recognized in the combined statement of loss for the period in which such a recognition or reversal takes place.

(f) Measurement of ECL

A number of significant judgements are required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Selecting appropriate models and assumptions for the measurement of ECL;
- Establishing the relative probability weightings of forward-looking scenarios.

Significant increase in credit risk

ECL of different financial assets is measured by the Group on either a 12-month or lifetime basis depending on whether they are in Stage 1, 2 or 3. At each financial position date, the ECL of financial instruments at different stages are measured respectively. 12-month ECL is recognised for financial instruments in Stage 1 which don't have a significant increase in credit risk since initial recognition; lifetime ECL is recognised for financial instruments in Stage 2 which have had a significant increase in credit risk since initial recognition but are not deemed to be credit-impaired; and lifetime ECL is recognised for financial instruments in Stage 3 that are credit-impaired. A financial asset moves to Stage 2 when its credit risk has increased significantly since initial recognition, and it comes to Stage 3 when it is credit-impaired (but it is not purchased original credit impaired). In assessing whether the credit risk of a financial asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information with significant judgements involved. There is no movement of financial assets among Stage 1, 2 and 3 for the years ended December 31, 2020 and 2021.

Impairment assessment under ECL for accounts receivable and other receivables.

The Group uses a provision matrix to calculate ECL for the accounts receivable and other receivables. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the financial position date about past events, current conditions and forecasts of future economic conditions.

At every financial position date, the historical observed default rates are reassessed and changes in the forward-looking information is considered. In addition, accounts receivable with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL is disclosed in Note 4.1(c).

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(i) Inputs, assumptions and estimation techniques

ECL is the discounted product of expected future cash flows by using the Probability of Default (“PD”), Loss Given Default (“LGD”) and Exposure at Default (“EAD”), of which PD and LGD are estimates based on significant management judgement.

(ii) Forward-looking information

In measuring ECL in accordance with IFRS 9, it should consider forward-looking information. The calculation of ECL incorporates forward-looking information through the use of publicly available economic data and forecasts based on assumptions and management judgement to reflect the qualitative factors and through the use of multiple probability weighted scenarios.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(e) Determining the lease term

The lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favorable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

6. Cash and cash equivalents

	As of December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
Cash at bank	1,210	3,734
Deposits held at licensed payment platforms	2,455	4,755
Total	3,665	8,489

As at December 31, 2020 and 2021, the Group's cash and cash equivalents were denominated in RMB.

7. Trade receivables

	As of December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
Trade receivables	4,824	40,926
Provision on impairment	—	(2,470)
Total	4,824	38,456

The following is an aged analysis of trade receivables presented based on the invoice date at the end of each reporting period, which approximated the respective revenue recognition dates.

	As of December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
0 – 90 days	4,704	16,472
91 – 180 days	120	16,292
181 – 365 days	—	5,473
1 – 2 years	—	2,689
Total	4,824	40,926

The Group uses a provision matrix to calculate ECL for the accounts receivable that result from transactions within the scope of IFRS 15. The provision rates are based on debtor's aging as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable and available without undue costs and effort. The provision on impairment was RMB2.5 million and nil, respectively, in 2021 and 2020.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

8. Prepayments, other receivables and other assets

The detail information of prepayments, other receivables and other assets for the years ended December 31, 2020 and 2021 is as below:

	As of December 31,	
	2020 (as restated) RMB'000	2021 (as restated) RMB'000
Value-added tax deductible	3,302	32,367
Value-added tax recoverable	23,947	31,964
Prepayments to charging stations	19,906	31,791
Prepayment for rental, facility and utilities	92	5,615
Prepayments for charging piles procurement	1,951	5,106
Prepayments for miscellaneous	617	2,146
Deposits	300	1,462
Receivables from related parties	—	556
Others	1,096	672
Credit loss allowance	(1,352)	(5,846)
Total	49,859	105,833

9. Financial instruments by category

The detail information of financial instruments by category during the years ended December 31, 2020 and 2021 is as below:

	As of December 31,	
	2020 RMB'000	2021 RMB'000
Assets as per statement of financial position		
Financial asset measured at fair value through profit or loss:		
—Financial asset at fair value through profit or loss	—	5,000
Financial asset measured at amortized costs:		
Financial asset		
—Trade receivables	4,824	38,456
—Other receivables, prepayments and deposits (excluding prepayments to suppliers and prepaid expenses)	24,126	29,493
—Cash and cash equivalents	3,665	8,489
Total	32,615	81,438

	As of December 31,	
	2020 (as restated) RMB'000	2021 (as restated) RMB'000
Liabilities as per statement of financial position		
Financial liabilities measured at amortized cost:		
— Trade payables	4,320	16,872
— Other payables and accruals (excluding employee benefit payables and taxes payables)	10,132	35,774
— Lease liabilities	17,836	19,633
Total	32,288	72,279

NOTES TO THE COMBINED FINANCIAL STATEMENTS

10. Leases

The carrying amounts of right-of-use assets are as below:

	Office buildings (as restated) RMB'000	Charging stations (as restated) RMB'000	Total (as restated) RMB'000
Year ended December 31, 2020			
Opening net book amount	3,864	—	3,864
Additions	17,986	—	17,986
Depreciation charge	(3,537)	—	(3,537)
Closing net book amount	18,313	—	18,313
As of December 31, 2020			
Cost	24,351	—	24,351
Accumulated depreciation	(6,038)	—	(6,038)
Net book value	18,313	—	18,313
Year ended December 31, 2021			
Opening net book amount	18,313	—	18,313
Additions	—	7,968	7,968
Depreciation charge	(4,523)	(1,992)	(6,515)
Closing net book amount	13,790	5,976	19,766
As of December 31, 2021			
Cost	24,351	7,968	32,319
Accumulated depreciation	(10,561)	(1,992)	(12,553)
Net book value	13,790	5,976	19,766

Additions to the right-of-use assets for the years ended December 31, 2020 and 2021 were RMB18.0 million, and RMB8.0 million, respectively.

(a) Items recognized in the combined statements of financial position

	As of December 31,	
	2020 (as restated) RMB'000	2021 (as restated) RMB'000
Right-of-use assets		
Office buildings	18,313	13,790
Charging stations	—	5,976
Total	18,313	19,766
Lease liabilities		
Current	3,935	7,067
Non-current	13,901	12,566
Total	17,836	19,633

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(b) Items recognized in the combined statements of loss and other comprehensive loss

The combined statements of loss and other comprehensive loss shows the following amounts relating to leases:

	As of December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Office buildings	3,537	4,523
Charging stations	—	1,992
Interest expense (included in finance costs)	300	1,097
Expense relating to short-term leases not included in lease liabilities (included in cost of revenues, selling and marketing expenses, administrative expenses and research and development expenses)	—	3,837
Total	3,837	11,449

The total cash outflows in financing activities for leases during the years ended December 31, 2020 and 2021 are as below:

	As of December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
Principal elements of lease payments	—	1,881
Related interest paid	—	193
Total	—	2,074

The weighted average incremental borrowing rate applied to the lease liabilities was 6.0% per annum during the years ended December 31, 2020 and 2021.

11. Financial asset at fair value through profit or loss

	As of December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
Investment (Note i)	—	5,000

As of December 31, 2021, all of financial investments at fair value through profit or loss was denominated in RMB.

(i) Investment

The Group invested in an investee company in the form of ordinary shares without significant influence, which is managed on fair value. For the major assumptions used in the valuation for the investment, please refer to Note 4.3.

	As of December 31,	
	2020	2021
	RMB'000	RMB'000
At the beginning of the year	—	—
Additions (a)	—	5,000
At the end of the year	—	5,000

- (a) During the year ended December 31, 2021, the Group invested in a company engaging in EV charging hardware and technology industry for RMB5.0 million, and there is no fair value change within the year.

12. Property, plant and equipment

	Electronic equipment (as restated) RMB'000
At January 1, 2021	
Cost	—
Accumulated depreciation	—
Net carrying amount	—
At January 1, 2021, net of accumulated depreciation	
Additions	606
Depreciation provided during the year	(58)
At December 31, 2021, net of accumulated depreciation	548
At December 31, 2021	
Cost	606
Accumulated depreciation	(58)
Net carrying amount	548

13. Other payables and accruals

	As of December 31,	
	2020 (as restated) RMB'000	2021 (as restated) RMB'000
Other taxes payable (Note i)	24,415	58,180
Advances from platform users	8,506	18,401
Employee benefit payables	3,926	11,403
Accrued expenses	1,038	10,508
Income tax payable	1,474	6,791
Contract liabilities (Note ii)	357	5,365
Deferred income (Note iii)	—	1,345
Others	231	155
Total	39,947	112,148

Notes:

- (i) Other taxes payable primarily represent value-added tax ("VAT") and related surcharges, and PRC individual income tax of employees withheld by the Group.
- (ii) Details of contract liabilities are as follows:

	As of December 31,	
	2020 (as restated) RMB'000	2021 (as restated) RMB'000
VIP membership and coupon sales	75	4,961
Customer advances in charging piles sales	201	50
Others	81	354
Total	357	5,365

Contract liabilities include balances of customer advances collected from charging piles sales, VIP membership and coupon sales. The increase of contract liabilities in 2021 was mainly due to the increase of balance of unutilised VIP membership and coupons which are inline with transaction volume through the platform.

- (iii) The deferred income is unconsumed carbon credits with a validity term of 6 months since granted.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

14. Combined capital and additional paid in capital

	Number of ordinary shares	Nominal value of ordinary shares	Combined capital	Additional paid-in capital	Total
		USD		RMB'000	RMB'000
At January 1, 2020 (note i)	1,000	— *	1	79,604	79,604
Issuance of ordinary shares (note ii)	4,000	— *	3	—	—
Contribution of a shareholder (note iii)	—	—	—	68,382	68,382
At December 31, 2020	5,000	1	3	147,986	147,986
At January 1, 2021	5,000	1	3	147,986	147,986
Contribution of a shareholder (note iii)	—	—	—	275,343	275,343
At December 31, 2021	5,000	1	3	423,329	423,329

All issued shares are fully paid as at December 31, 2020 and 2021.

* Representing amount less than US\$1.00.

** Representing amount less than RMB1,000.

Notes:

On January 13, 2022, pursuant to shareholders' resolution, each existing issued and unissued share of US\$0.001 each in the share capital of the Company were subdivided into 10 shares of US\$0.0001 each ("Share Subdivision").

- (i) In July 2019, 100 ordinary shares (1,000 ordinary shares in reflection of Share Subdivision) of the Company were allotted and issued to shareholders.
- (ii) On November 19, 2020, 400 ordinary shares (4,000 ordinary shares in reflection of Share Subdivision) of the Company were allotted and issued to Newlink Technology Limited.
- (iii) A shareholder offered financial support during years ended December 31, 2020 and 2021.

The Company's affairs are governed by its amended and restated memorandum and articles of association and the Companies Law of the Cayman Islands.

Issue of Shares

Issue. Subject to the provisions, if any, of the amended and restated memorandum and articles of association and directions given by any ordinary resolution and the rights attaching to any class of existing shares, the directors may issue, allot, grant options over or otherwise dispose of shares (including any fractions of shares) and other securities at such times, to such persons, for such consideration and on such terms as the directors may determine.

Preferred Shares. Shares and other securities of the Company may be issued by the directors with such preferred, deferred or other special rights, restrictions or privileges whether in regard to voting, distributions, a return of capital, or otherwise and in such classes and series, if any, as the directors may determine.

Ordinary Shares. Where the directors issue a share having no preferred, deferred, redemption or other special rights, it shall be issued as an ordinary share and entitle the holder, subject to any other share having any preferred, deferred, redemption or other special rights, to:

- (a) receive notice of, attend and vote at any general meeting of the Company and on any ordinary resolution or special resolution;
- (b) an equal share in any dividend or other distribution paid by the Company; and
- (c) an equal share in the distribution of the surplus assets of the Company.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

15. Revenues

	Year ended December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
Net Revenues from Online EV Charging Solutions	5,455	17,985
Net Revenues from Offline EV Charging Solutions	565	15,102
Net Revenues from Non-Charging Solutions and Other Services	143	366
Net Revenues	6,163	33,453

16. Other gains, net

	Year ended December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
Non-operating income	319	138
Non-operating expenses	0	0
Total	319	138

17. Operating costs by nature

	Year ended December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
Incentives through network	23,338	105,939
Employee benefit expenses	40,402	112,102
Promotion and advertising	5,132	16,675
Offline service costs	—	7,965
Traveling, entertainment and general office expenses	3,106	7,640
Auditor's remuneration	—	7,066
Depreciation of right-of-use assets	3,537	6,515
Bandwidth expenses and server custody costs	2,760	4,331
Rental, facility and utilities	669	4,277
Payment processing cost	1,695	3,893
Online service costs	6	1,250
Others	1,960	9,985
Total operating costs	82,605	287,638

NOTES TO THE COMBINED FINANCIAL STATEMENTS

18. Finance costs

	Year ended December 31,	
	2020	2021
	(as restated) RMB'000	(as restated) RMB'000
Interest expense from lease liabilities	(300)	(1,097)
Finance costs	(300)	(1,097)

19. Taxation

(a) Income tax expenses

Income tax expense is recognized based on management's best knowledge of the income tax rates expected for the financial year.

(i) Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

(ii) Hong Kong Income Tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax during the years ended December 31, 2020 and 2021.

(iii) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in PRC was subject to statutory tax rate of 25% on the assessable profits for the years ended December 31, 2020 and 2021 based on the existing legislation, interpretation and practices in respect thereof.

(iv) Withholding tax in mainland China ("WHT")

According to the New Corporate Income Tax Law ("New EIT Law"), beginning January 1, 2008, distribution of profits earned by companies in mainland China since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Group does not have any plan in the foreseeable future to require its subsidiaries in mainland China to distribute their retained earnings and intends to retain them to operate and expand its business in mainland China. Accordingly, no deferred income tax liability related to WHT on undistributed earnings was accrued as of the end of each reporting period.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

The income tax expenses of the Group during the years ended December 31, 2020 and 2021 are analysed as follows:

	Year ended December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
Current income tax	1,474	5,318
Deferred income tax	—	—
Total income tax expense	1,474	5,318

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate of 25% in mainland China, being the tax rate applicable to the majority of combined entities as follows:

	Year ended December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
Loss before income tax	(76,423)	(255,144)
Tax calculated at statutory income tax rate of 25% in mainland China	(19,106)	(63,786)
Tax effects of:		
— Expenses not deductible for income tax purposes	469	1,069
— Tax losses for which no deferred tax assets were recognized	20,111	68,035
— Utilization of previously unrecognized tax losses	—	—
	1,474	5,318

(b) Deferred income tax

The Group only recognizes deferred income tax assets for credit loss allowances on financial asset if it is probable that future taxable amounts will be available to utilize those credit loss allowances. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at December 31, 2020 and 2021, the Group did not recognize deferred income tax assets from tax losses. The key factors which have influenced management in arriving at this evaluation are the fact that the Group has not yet a history of making profits and product development remains at an early stage.

The tax losses carried forward by the Group and their respective expiry dates are as follows:

	As of December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
2023	34	34
2024	26,561	26,561
2025	70,757	67,172
2026	—	110,045
Total unrecorded tax losses carry forwards	97,352	203,812

As of December 31, 2021, the unrecorded tax losses carried forward increased to RMB203.8 million (2020: RMB97.4 million).

20. Loss per share

(a) Basic loss per share

Basic loss per share for the years ended December 31, 2020 and 2021 are calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

In reflection of the Share Subdivision mentioned in Note 14, the weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the years ended December 31, 2020 and 2021 has been retrospectively adjusted.

	Year ended December 31,	
	2020	2021
	(as restated)	(as restated)
Net loss attributable to equity holders of the Company (RMB'000)	77,897	260,462
Weighted average number of ordinary shares in issue	1,470	141,973
Basic loss per share (RMB per share)	52,991	1,835

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As of December 31, 2021, there are no diluted shares or potential diluted shares.

21. Cash flow information

(a) Cash used in operation

	Year ended December 31,	
	2020	2021
	(as restated)	(as restated)
	RMB'000	RMB'000
Net Loss before income tax	(76,423)	(255,144)
Adjustments for:		
Depreciation of property, plant and equipment (Note 12)	—	58
Depreciation of right-of-use assets (Note 10)	3,537	6,515
Credit loss allowances on financial asset	135	3,205
Non-cash employee benefits expense—share based payments	—	10,788
Interest expense (Note 18)	300	1,097
Increase in trade receivables	(4,824)	(33,632)
Increase in prepayments, other receivables and other assets	(14,449)	(59,178)
Increase in trade and other payables	34,508	101,097
Increase in contract liabilities	276	6,080
Cash used in operations	(56,940)	(219,114)

22. Commitments

(a) Operating lease commitments

Operating lease commitments-as lessee

The future aggregate minimum lease payments under operating leases exempted to be recognized as lease liabilities are as follows:

	Year ended December 31,	
	2020	2021
	RMB'000	RMB'000
Within one year	—	5,645
Total	—	5,645

NOTES TO THE COMBINED FINANCIAL STATEMENTS

23. Contingencies

There was no significant contingencies as at December 31, 2020 and 2021.

24. Related party transactions

Related parties include members of Board of Directors of the Company and the executive management of the Group. The following transactions were carried out with related parties:

(a) Contribution from shareholder

Immediately prior to and after the Reorganization, the Listing Business was carried out by Newlink and its consolidated entities. Newlink and its consolidated entities provided financial support for the Listing Business. Pursuant to the Reorganization, NaaS is regarded as continuing operator of the Listing Business. The financial support in historical periods due to Newlink and its consolidated entities was waived as contribution from shareholder. The amount during the years ended December 31, 2020 and 2021 was RMB68.7 million and RMB264.6 million, respectively.

Besides, Newlink charged the Group for services performed by the middle and back office of Newlink. Before the accomplishment of the Restructuring, Newlink charged the Group for free.

(b) Options from shareholder

EV charging service business was historically part of Newlink's businesses and were conducted by Newlink and its consolidated entities at the time. Prior to the completion of the Restructuring, Newlink granted options to certain of its employees associated with the EV Charging Business, which employees were subsequently transferred to the Group as part of the Restructuring. The allocation of share-based compensation in 2021 was approximately RMB10.7 million and credited to additional paid in capital accordingly.

(c) Key management personal compensation

The following table sets forth information regarding our directors and executive officers for the years ended December 31, 2020 and 2021.

	Year ended December 31,	
	2020	2021
	RMB'000	RMB'000
Short-term employee benefits	1,056	2,692
	1,056	2,692

25. Event occurring after the reporting period**(a) Option arrangement**

On January 13, 2022, the 2022 Share Incentive Plan (“Dada Auto Incentive Plan”) was approved by board of directors of the Company. According to the Plan, 6,818,182 ordinary shares of the Company are reserved to be issued to officers, directors, employees of the Company or other qualified personnel.

(b) Raise funding through convertible redeemable preference shares

On January 14 and January 26, 2022, the Company entered into share subscription agreements with 6 shareholders (“Purchasers”), according to which the Company issued 9,923,135 Series A convertible redeemable preference shares (“preferred shares”) with an issuance price of US\$8.8 per share, for a total cash consideration of US\$87.3 million (RMB556.4 million). The issuance costs for Series A preferred shares were RMB8.6 million. These Purchasers are entitled to redemption rights, conversion rights and liquidation preferential rights and other shareholder rights. The preferred shares shall be redeemable upon events including, but not limited to, that the Company has not achieved a qualified IPO on or before September 30, 2022.

(c) Merger Transaction

On June 10, 2022, the Company and RISE Education Cayman Ltd (“RISE”) completed the merger and other related transactions (the “Merger Transactions”), as a result of which the Company became a wholly-owned subsidiary of RISE and RISE assumed and began conducting the principal business of the Company. The name of RISE was changed from “RISE Education Cayman Ltd” to “NaaS Technology Inc.” and its ticker was changed from “REDU” to “NAAS.” Pursuant to the Merger Agreement, RISE shall adopt and assume the Dada Auto Incentive Plan on June 10, 2022.

(d) Data Striping

In early 2022, the Group entered into a series of transactions to restructure its organization and its EV charging service business. As part of the restructuring, the ownership of mobile application and mini-program (the “Platforms”) which connect EV drivers with charging stations and charging piles, as well as the rights to access and use certain data generated by or in the possession of the Platforms, have been transferred to a third party service provider.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Accounting for the Reverse Acquisition

The following unaudited pro forma condensed combined financial information was prepared under IFRS, and gives effect to the transaction between Rise Education Cayman Ltd (the “Company”) and Dada Auto (“NaaS”) to be accounted for as a reverse acquisition, with NaaS being deemed the acquiring company for accounting purpose. The Company does not operate any business upon the transaction, therefore the transaction is not qualified as a business combination under IFRS 3 Business Combination. In applying the reverse acquisition under IFRS 3 by analogy, NaaS is deemed to have issued shares to obtain control of the Company.

NaaS was determined to be the accounting acquirer based upon the terms of the Merger Agreement (as defined below) and other factors including:

- (i) Shareholders of NaaS are expected to own approximately 93% of the fully-diluted ordinary shares of the combined company immediately following the closing of the transaction contemplated by the Merger Agreement (the “Transaction”);
- (ii) the largest individual shareholder of the combined entity is an existing shareholder of NaaS;
- (iii) directors appointed by NaaS will hold a majority of board seats of the combined company; and
- (iv) NaaS’ senior management will be the senior management of the combined company following consummation of the Mergers (as defined below).

The Transaction is not qualified as a business combination on the basis of the guidance in paragraph B7 of IFRS 3. Hence, the Transaction is a share-based payment transaction which should be accounted for in accordance with IFRS 2 Share-based Payment. On the basis of the guidance in paragraph 13A of IFRS 2, any difference in the fair value of the shares deemed to have been issued by NaaS and the fair value of the Company’s identifiable net assets represents a service received by the accounting acquirer.

The following unaudited pro forma condensed combined financial statements are based on NaaS’ historical financial statements and the Company’s historical financial statements, as adjusted to give effect to NaaS’ acquisition of the Company and certain related transactions. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021 gives effect to these transactions as if they had occurred on January 1, 2021. The unaudited pro forma condensed combined statement of financial position as of December 31, 2021 gives effect to these transactions as if they had occurred on December 31, 2021.

The unaudited pro forma condensed combined financial information is preliminary and has been prepared for illustrative purposes only and is not necessarily indicative of the financial position or results of operations in future periods or the results that actually would have been realized had NaaS and the Company been a combined company during the specified periods. The unaudited pro forma condensed combined financial statements also may not be useful in predicting or otherwise be indicative of the future financial condition and results of operations of the combined company. The actual results reported in periods following the transaction may differ significantly from those reflected in the pro forma financial information presented herein for a number of reasons, including, but not limited to, differences between the assumptions used to prepare this pro forma financial information and actual results realized.

The assumptions and estimates underlying the unaudited adjustments to the pro forma condensed combined financial statements are described in the accompanying notes, which should be read together with the pro forma condensed combined financial statements. The unaudited pro forma condensed combined financial statements should also be read together with the audited financial statements and related notes of the Company as filed by the Company on May 13, 2022, as well as the audited combined financial statements of NaaS as filed by the Company on May 31, 2022.

Unless otherwise stated, all translations from Renminbi to U.S. dollars are made at a rate of RMB6.3726 to US\$1.00, which was the certified noon buying rate in effect as of December 30, 2021, as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. The certified noon buying rate in effect as of May 27, 2022 was RMB6.6980 to US\$1.00.

Pro Forma Condensed Combined Statement of Financial Position
As of December 31, 2021

	Company	NaaS	Pro Forma Adjustments	Note 2	Pro Forma Combined
	RMB'000	(as restated) RMB'000	(as restated) RMB'000		(as restated) RMB'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	16,027	8,489	556,356	(a)	580,872
Trade receivables	—	38,456	—		38,456
Prepayments, other receivables and other assets	14,451	105,833	—		120,284
Amounts due from related parties	177	—	—		177
Total current assets	30,655	152,778	556,356		739,789
Non-current assets					
Right-of-use assets	—	19,766	—		19,766
Financial asset at fair value through profit or loss	—	5,000	—		5,000
Property, plant and equipment	—	548	—		548
Deferred tax assets	—	0	—		0
long-term receivables	—	0	—		0
Total non-current assets	—	25,314	—		25,314
Total assets	30,655	178,092	556,356		765,103
LIABILITIES AND EQUITY					
Current liabilities					
Current lease liabilities	—	7,067	—		7,067
Trade payables	—	16,872	—		16,872
Other payables and accruals	8,625	112,148	8,624	(a)	129,397
Total current liabilities	8,625	136,087	8,624		153,336
Non-current liabilities					
Non-current lease liabilities	—	12,566	—		12,566
Other non-current liabilities	2,838	—	—		2,838
Convertible loan from related parties	108,334	—	(108,334)	(b)	—
Total non-current liabilities	111,172	12,566	(108,334)		15,404
Total liabilities	119,797	148,653	(99,710)		168,740
EQUITY					
Ordinary shares	—	—	136,475	(c)	136,475
	6,964	—	(6,964)	(d)	—
Additional paid in capital	274,036	423,329	547,732	(a)	1,245,097
	—	—	108,334	(b)	108,334
	—	—	(136,475)	(c)	(136,475)
	—	—	(363,178)	(d)	(363,178)
	—	—	262,699	(e)	262,699
Accumulated losses	(403,149)	(393,890)	403,149	(d)	(393,890)
	—	—	(262,699)	(e)	(262,699)
Accumulated other comprehensive income	33,007	—	(33,007)	(d)	—
Total equity	(89,142)	29,439	656,066		596,363
Total equity and liabilities	30,655	178,092	556,356		765,103

* Representing amount less than RMB1,000.

**Pro Forma Condensed Combined Statement of Loss and Comprehensive Loss
Year Ended December 31, 2021**

	Company	NaaS	Pro Forma Adjustments	Note 2	Pro Forma Combined
	RMB'000	(as restated) RMB'000	(as restated) RMB'000		(as restated) RMB'000
Net Revenues from Online EV Charging Solutions	—	17,985	—		17,985
Net Revenues from Offline EV Charging Solutions	—	15,102	—		15,102
Net Revenues from Non-Charging Solutions and Other Services	—	366	—		366
Net Revenues	—	33,453	—		33,453
Other gains, net	—	138	—		138
Operating costs					
Cost of revenues	—	(29,587)	—		(29,587)
Selling and marketing expenses	—	(193,340)	—		(193,340)
Administrative expenses	(30,003)	(34,458)	—		(64,461)
Research and development expenses	—	(30,253)	—		(30,253)
Total operating costs	(30,003)	(287,638)	—		(317,641)
Operating loss	(30,003)	(254,047)	—		(284,050)
Finance costs	2	(1,097)	—		(1,095)
Gain on troubled debt restructuring	279,097	—	—		279,097
Equity-settled listing cost	—	—	(262,699)	(e)	(262,699)
Net loss before income tax	249,096	(255,144)	(262,699)		(268,747)
Income tax expenses	—	(5,318)	—		(5,318)
Net income/(loss) from continuing operations	249,096	(260,462)	(262,699)		(274,065)
Net loss from discontinued operations, net of tax	(507,280)	—	—		(507,280)
Net loss	(258,184)	(260,462)	(262,699)		(781,345)
Net loss attributable to parent company	(248,487)	(260,462)	(262,699)		(781,345)
Net loss attributable to non-controlling interests	(9,697)	—	—		—

Notes to the Unaudited Pro Forma Condensed Combined Financial Information

Note 1—Description of Transaction and Basis of Presentation

Description of the Mergers

Pursuant to the agreement and plan of merger, dated as of February 8, 2022 (the “Merger Agreement”) by and among the Company, Dada Merger Sub Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands and wholly-owned subsidiary of the Company (“Merger Sub”), Dada Merger Sub II Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands and wholly owned subsidiary of the Company (“Merger Sub II”) and NaaS, Merger Sub will merge (the “Merger”) with and into NaaS, with NaaS surviving as the surviving entity (the “Surviving Entity”), followed by the merger (the “Second Merger,” collectively with the Merger, the “Mergers”) of the Surviving Entity with and into Merger Sub II, with Merger Sub II surviving as a wholly-owned subsidiary of the Company (the “Surviving Company”). As a result of the Mergers, all of the issued and outstanding shares of NaaS immediately prior to the Merger will be cancelled in exchange for the right to receive newly issued shares of the Company.

Following the consummation and as a result of the Mergers, NaaS’ business will be wholly owned by the Company. Shareholders of NaaS are expected to own approximately 93% of the fully-diluted ordinary shares of the combined company immediately following the closing of the Transaction.

For more information about the Mergers, please refer to the report on Form 6-K furnished to the SEC on April 4, 2022, including the proxy statement exhibited thereto.

Basis of Presentation

The historical financial information has been adjusted to give pro forma effect to transaction accounting adjustments required under IFRS. The adjustments presented on the unaudited pro forma combined financial information have been identified and presented to provide an understanding of the combined company upon consummation of the reverse acquisition.

The unaudited pro forma condensed combined financial information does not give effect to the potential impact of current financial conditions, regulatory matters, operating efficiencies or other savings or expenses that may be associated with the integration of the two companies.

Note 2—Pro forma adjustments

- (a) Reflects an adjustment for the pro forma effect of fund raising by NaaS through the issuance of convertible redeemable preference shares, as if it had occurred on December 31, 2021. NaaS entered into share subscription agreements on January 14 and January 26, 2022, according to which NaaS issued 9,923,135 Series A convertible redeemable preference shares with an issuance price of US\$8.8 per share, for a total cash consideration of US\$87.3 million (RMB556.4 million). The issuance costs for Series A preferred shares were RMB8.6 million, which is reflected in other payables and accruals.
- (b) Reflects an adjustment for conversion of the convertible note previously issued by the Company to Bain Capital Rise Education IV Cayman Limited in the principal amount of \$17 million at the conversion price that equals \$0.70 per American Depositary Share, each representing two ordinary shares of the Company, par value \$0.01 per share.
- (c) The unaudited pro forma condensed combined financial statements assume there will be (i) 494,048,037 Class A ordinary shares outstanding par value \$0.01 per share, of which 167,071,258 shares will be owned by shareholders of the Company as consideration for the Merger, (ii) 248,888,073 Class B ordinary shares outstanding par value \$0.01 per share, and (iii) 1,398,659,699 Class C ordinary shares outstanding par value \$0.01 per share, upon completion of the Mergers and conversion of the Series A preferred shares.
- (d) Represents the elimination of the historical equity of the Company.
- (e) Reflects an adjustment for deemed consideration in respect of the reverse acquisition. The fair value of the deemed consideration for the transaction is RMB281.9 million, and the fair value of the net assets acquired is RMB19.2 million (considered conversion of the convertible note in adjustment(b)), the difference of them is RMB262.7 million, which was recognized as expenses in the statement of operations in the year ended December 31, 2021, representing the cost of the listing under IFRS 2.

THE SYMBOL “[Redacted]” DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL, AND (II) IS THE TYPE THAT THE COMPANY TREATS AS PRIVATE OR CONFIDENTIAL

Assets Transfer Agreement

On

Kuaidian Platforms

Between

Kuaidian Power (Beijing) New Energy Technology Co., Ltd.

And

Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd

Signed at: Chaoyang, Beijing

Signed on: February 1, 2022

Party A (Transferor): Kuaidian Power (Beijing) New Energy Technology Co., Ltd.

Legal representative: Zheng Linyi

Address: Room 202, 2/F, Block G, Building 7, Yard 1, Yaojiayuan South Road, Chaoyang District, Beijing

Party B (Transferee): Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd

Legal Representative: Yang Tianyue

Address: 205, Building 8, Lingfeng Street Resort Management Committee, Fuyu South Road, Lingfeng Street, Anji County, Huzhou City, Zhejiang Province (self declaration)

WHEREAS:

(A) Party A owns the Transferred Fixed Assets (as defined below); and

(B) Party A agrees to sell to Party B, and Party B agrees to acquire from Party A, the Transferred Fixed Assets according to the terms and conditions hereof.

NOW THEREFORE, both Parties, through friendly negotiation, agree on the transfer of the said fixed assets as follows.

1. Definition

Unless otherwise defined in the terms or context of this Agreement, the following terms shall have the meanings as follows.

1.1 **Kuaidian Platforms:** refer to an APP program independently developed by Party A for mobile internet charging service (i.e., Kuaidian APP) and other online applications.

1.2 **Users:** refer to the natural persons registered on the Kuaidian Platforms, including the users merely registered and the users who have transactions on the platform, etc.

1.3 **Operator:** refers to the new energy vehicle charging facilities operator who has reached an interconnection cooperation with Party A, and such operator can provide charging services to Users with new energy charging needs through the Kuaidian Platforms.

1.4 **Commercial Contracts:** refer to the cooperation agreements signed by Party A with other companies and institutions to ensure the normal operation of the Kuaidian Platforms, such as the interconnection cooperation agreement signed with the

Operator, the payment cooperation agreement signed with third-Party payment institutions, etc.

1.5 Transferred Fixed Assets: refer to the Kuaidian Platforms and all technical and commercial information and records related to the Kuaidian Platforms, including but not limited to the following assets. For details, see Article 3 hereof "Details of Asset Transfer".

1.5.1 All past transaction data, including but not limited to the list of validated User, information and materials of Users (including those provided by validated Users and those obtained by Party A), past transaction records, and other information and data of Users;

1.5.2 Relevant systems serving the charge poles operator and the transaction data recorded in the systems;

1.5.3 Commercial Contracts;

1.5.4 For all of the above cases, no matter in what form or medium the information or record is contained or recorded.

1.6 Closing Date: refers to the date when the Transferred Fixed Assets hereof are transferred by Party A to Party B. As of the Closing Date, Party B has the ownership of the Transferred Fixed Assets and has the right to dispose of them at its own discretion.

2. Outline of the Transfer

2.1 Background

With the continuous improvement of the *National Security Law*, the *Network Security Law*, the *Data Security Law*, the *Network Security Review Measures* and other relevant laws, data compliance plays a crucial role in a company's business compliance, sustainable operation and capital market operation. In order to strengthen the compliance with respect to network security, data security and personal information protection, reduce the possibility of endangering national security, and ensure that Party A's capital market operation in the future will not endanger national security, both Parties concluded a *Restructuring Agreement* on [], under which Party A will complete the data stripping from the aspects of equity structure and business adjustment. Specifically, for the business adjustment, Party A will transfer to Party B the Transferred Fixed Assets such as relevant businesses operated based on Kuaidian App and other online applications (collectively, "**Kuaidian Platforms**") and data (including the Users' personal information collected and held based on the Kuaidian Platforms and charging pile data that may be considered as important data).

2.2 Transfer Intention

Party A has held a shareholders' meeting at the workplace of Building 7, Yard 1, Yaojiayuan South Road, Chaoyang District, Beijing and formed a resolution

("Resolution of the Shareholders' Meeting") on the transfer of the Transferred Fixed Assets such as the Kuaidian Platforms and relevant businesses and data.

After conducting due diligence on Party A's Transferred Fixed Assets, Party B agrees to acquire such Transferred Fixed Assets so transferred by Party A within the scope agreed herein.

3. Details of the Transferred Fixed Assets

The assets to be transferred by Party A to Party B are as follows:

3.1 Kuaidian App, including but not limited to the Kuaidian App itself and all source codes, databases, documents, technical data, graphics, pictures, images and other data and information in various forms, formats and media.

3.2 Kuaidian applet, including WeChat applet, Alipay applet and Kuaidian EE applet.

3.3 Social media accounts, including WeChat official account and Tiktok account opened in the name of Party A, subject to the final confirmation of both Parties.

3.4 All business data of the Kuaidian Platforms as of the Closing Date, including but not limited to member Users' purchase records, Users' activity participation records, etc.

3.5 Kuaidian merchant system, including but not limited to all source codes, databases, documents, technical data, graphics, pictures, images and other data and information in various forms, formats and media.

3.6 All business data of the Kuaidian merchant system as of the Closing Date, including but not limited to the list of operators, operators' system docking technical documents, and all the charging pile data collected by the Kuaidian merchant system as of the Closing Date.

4. Transfer Process and Schedule

In view of the large amount of the Transferred Fixed Assets, both Parties need to carry out assets docking, system online implementing / commissioning and other works several times, so both Parties agree to form a special project team for unified deployment and implementation.

4.1 Both Parties jointly designated Zhang Youxing (title: CTO; contact information: 【Redacted】) as the general person in charge of the project and to be responsible for the overall implementation, follow-up and supervision of the asset transfer, and handling the problems arising from the asset transfer. The general person in charge may designate the persons in charge of each itemized work in the asset transfer, and give guidance on relevant matters to ensure that the asset transfer is completed on time and as scheduled.

4.2 The asset transfer shall commence in February 2022 and complete no later than June 2022. In case the period of asset transfer needs to be postponed due to the occurrence of any unforeseen and uncontrollable event, or an itemized work needs to be adjusted or changed during the process of asset transfer, both Parties shall conclude a supplementary agreement separately.

4.3 Specific schedule of asset transfer:

4.3.1 Stage I: Counting of the Transferred Fixed Assets

The project team shall organize the personnel of both Parties to count the transferred assets.

4.3.2 Stage II: Delivery of the Transferred Fixed Assets

1) After both Parties complete the counting in Stage I, the project team shall, within 3 working days, organize the personnel of both Parties to jointly effect the transfer and handle the handover procedures according to the transfer list, hand over all source codes, documents, technical materials, etc. related to the Kuaidian App and merchant management system, and assist Party B in online operation test, transfer all business data and other business materials and information. When all of the said conditions are satisfied, the transaction of asset transfer can be legally closed on the same day.

4.3.3 Stage III: Subsequent matters

As of the Closing Date, Party B will become the legal owner of the Transferred Fixed Assets and enjoy all the rights and undertake all the obligations related to the Transferred Fixed Assets, while Party A shall no longer enjoy any rights or undertake any obligations and liabilities related to the Transferred Fixed Assets (unless otherwise specified herein). That is, Party B shall perform corresponding obligations in accordance with the Commercial Contracts and the supplementary agreement related to this transfer, and bear all liabilities arising therefrom.

4.4 Even if a successful transfer of the Transferred Fixed Assets, after the closing of the transfer transaction, Party A still needs to assist Party B in handling the disputes or events arising or occurring prior to the Closing Date until the disputes or events are resolved or handled.

4.5 Use and license of trademarks

Party A guarantees that the trademark owner will grant Party B the license to use relevant trademarks free of charge, subject to the *Trademark License Contract* signed between Party B and the trademark owner.

4.6 Arrangement of relevant employees

For the employees who intend to sign a labor contract with Party B, Party A will terminate the labor contracts with them in accordance with the labor contract law, so that such employees can sign the labor contract with Party B.

5. Arrangement for the Transition Period

5.1 The period from the Closing Date to June 2022 shall be the transition period of the Transferred Fixed Assets. During the transition period, Party A shall assist Party B in maintaining the normal operation of the businesses related to the Transferred Fixed Assets.

5.2 During the transition period, Party A undertakes to take all necessary measures to assist Party B in concluding relevant Commercial Contracts with its partners, or

concluding relevant tripartite supplementary agreements and new business agreements. Both Parties shall reach an agreement with other parties to the said contracts on matters related to the transfer, so that Party B can obtain all the interests under the said contracts and perform its obligations thereunder from the date of successful transfer.

5.3 Party A shall assist Party B in updating the Users' contracts on the Kuaidian Platforms.

5.4 During the transition period, all expenses and income arising from business operation shall be owned by Party B.

6. Representations and Warranties

6.1 Party A warrants to transfer the Transferred Fixed Assets to Party B on the Closing Date specified herein and complete the works required in the transition period with due diligence.

6.2 As of the date of signing this Agreement until the handover of the Transferred Fixed Assets in accordance with the provisions hereof, Party A represents and warrants to Party B as follows:

6.2.1 Party A has legal, effective and full ownership of the Transferred Fixed Assets, and guarantees that it has not created any creditor's right, mortgage, pledge, recourse or any other security agreement or third-party interest on the Transferred Fixed Assets.

6.2.2 Party A's transfer of its company assets is legal and effective under the laws and regulations and other relevant provisions of China and the articles of association of Party A, and Party A's shareholders' meeting has adopted a resolution unanimously approving the assets transfer.

6.2.3 The documents and materials related to Party A and the Transferred Fixed Assets that Party A submitted to Party B are true, accurate and complete.

6.3 Party B undertakes and warrants that its execution of this Agreement and acquisition of the Transferred Fixed Assets hereunder have been approved and authorized by the management organ of the company, and its execution of this Agreement is a legal and effective act of the company.

7. Confidentiality

Both Parties shall keep confidential the contents of this Agreement and the other Party's trade secrets, technical secrets, Users' resources and other information obtained hereunder, and shall not disclose them to a third party without prior written consent of the other Party. Otherwise, the disclosing Party shall bear all the liabilities with respect thereto. For any confidentiality agreement signed or reached between Party A and the Users prior to the Closing Date, Party B agrees and guarantees to succeed Party A's obligations thereunder to Users.

8. Liability for Breach

Each Party shall exercise its rights and perform its obligations in accordance with this Agreement. Unless otherwise agreed herein, either Party who fails to perform its obligations hereunder or in accordance with the provisions hereof and thus cause loss to the other Party shall compensate the other Party accordingly.

9. Dispute Resolution

9.1 For any dispute arising from or in connection with this Agreement, both Parties shall try their best to settle them amicably.

9.2 Any dispute, controversy or claim arising out of or in connection with this Agreement, including disputes related to the existence, effectiveness, establishment, validity, interpretation, performance or termination of this Agreement, shall be submitted to arbitration for final resolution. The arbitration shall be conducted by the Beijing Arbitration Commission in accordance with its current arbitration rules, which will be incorporated into this Article by reference. The place of arbitration shall be Beijing, China. The number of arbitrators shall be three, all appointed in accordance with the arbitration rules. The arbitration award shall be final and binding upon both Parties.

10. Force Majeure

10.1 In case of an unforeseen or force majeure event as a result of which the Agreement cannot be performed or cannot be fully performed and which is confirmed by both Parties in writing, neither Party shall be held liable for breach of contract.

10.2 The Party suffering force majeure event shall notify the other Party of the event, preliminary loss and preliminary analysis of the cause of the event within one day after the occurrence of the event. After the event is eliminated, both Parties shall actively cooperate with each other to resume the performance of their respective obligations.

11. Miscellaneous

11.1 After the signing of this Agreement, no modification or amendment shall be made to this Agreement unless it is made by both Parties through a written supplement / amendment agreement.

11.2 A Party's waiver of any provision of this Agreement shall take effect only after such Party signs a written document confirming the waiver. A Party's failure to exercise or delay in exercising any right, power or remedy hereunder shall not constitute such Party's waiver of such right, power or remedy, nor a single or partial exercise of any right, power or remedy hereunder shall preclude its further exercise of such right, power or remedy or the exercise of any other right, power or remedy. Without limiting the generality of the foregoing provisions, a Party's waiver of the other Party's breach of any provision of this Agreement shall not be deemed as a waiver of any subsequent breach of that provision, nor shall it be deemed as a waiver of a breach of any other provision of this Agreement.

11.3 Each provision of this Agreement shall be deemed to be an independent obligation and shall be enforceable separately, even if any obligation is unenforceable in whole or in part. If any provision of this Agreement is enforceable, such provision shall be

deemed to be deleted from this Agreement, and such deletion shall not affect the enforceability of other provisions of this Agreement.

11.4 Any and all taxes and fees (including but not limited to value-added tax) arising from the execution and performance of this Agreement shall be borne by Party A. In case Party B incurs any taxes or fees due to the execution and performance of this Agreement, Party A shall make full compensation.

11.5 This Agreement shall come into force after being sealed by both Parties. This Agreement is made in two (2) copies, with each Party holding one of them.

(End of the Body Text)

(This is the signature page of the *Asset Transfer Agreement* only).

Party A:

Kuaidian Power (Beijing) New Energy Technology Co., Ltd.. (seal)

Signature: /s/ Zheng Linyi

Name: Zheng Linyi

Title: Legal Representative

(This is the signature page of the *Asset Transfer Agreement* only).

Party B:

Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd. (seal)

Signature: /s/ Yang Tianyue

Name: Yang Tianyue

Title: Legal Representative

Supplementary Agreement to the Assets Transfer Agreement

The Supplementary Agreement to the Assets Transfer Agreement (this "**Supplementary Agreement**") is made on July 13, 2022 (the "Date of Signing") by and between:

Party A (Transferor): Kuaidian Power (Beijing) New Energy Technology Co., Ltd.

Legal representative: ZHENG Linyi

Address: Room 202, 2/F, Block G, Building 7, Yard 1, Yaojiayuan South Road, Chaoyang District, Beijing

Party B (Transferee): Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd

Legal Representative: YANG Tianyue

Address: 205, Building 8, Lingfeng Street Resort Management Committee, Fuyu South Road, Lingfeng Street, Anji County, Huzhou City, Zhejiang Province (self declaration)

Party A and Party B are hereinafter individually referred to as a "**Party**" and collectively as the "**Parties**".

WHEREAS,

- 1) Both Parties entered into the Assets Transfer Agreement (the "**Original Agreement**") on February 1, 2022 in relation to the transfer of relevant fixed assets of the Kuaidian Platforms;
- 2) Both Parties intend to supplement the relevant matters in the Original Agreement by signing this Supplementary Agreement.

NOW THEREFORE, in accordance with the relevant laws and regulations of the People's Republic of China and following the principle of equality and mutual benefit, both Parties hereby enter into this Supplementary Agreement on matters related to the original agreement.

1 Transfer price

Both Parties agree that the total consideration for Party A to transfer the transferred fixed assets held by it to Party B is RMB 【Redacted】 (the "**Transfer Consideration**").

Party B shall pay the Transfer Consideration to the following bank account designated by Party A no later than Aug 1, 2022:

Account name: Kuaidian Power (Beijing) New Energy Technology Co., Ltd.

Bank of deposit: 【Redacted】

Account No.: 【Redacted】

2 Agreement on the Transition Period

2.1 Article 5.4 of the Original Agreement stipulates that "During the transition period, all expenses and income arising from business operation shall be owned by Party B." Now, upon negotiations in combination with the actual situation, both Parties agree to change this Article to read "During the transition period, the operating expenses such as environment initialization, parameter configuration, technology docking, system launch and commissioning, etc. incurred in order to bring the transferred assets to normal operation status shall be owned by Party B."

2.2 Party A and Party B shall do everything possible to ensure that the Kuaidian Platform users are not affected by the asset transfer:

(1) In any case, users can log in to and use the Kuaidian Platforms according to the trading habits before the transfer and complete the charging service transaction through the Kuaidian Platforms.

(2) The VIP membership services, coupon packages, etc. that have been purchased by users before the asset transfer can still be used after the asset transfer; this part of the transaction price has been collected by Party A, and the income from the corresponding business continues to be enjoyed by Party A; However, if matters requiring Party B's cooperation, including but not limited to users' consultation and refund to users, Party B shall render cooperation, and the corresponding expenses shall be borne by Party A, and both Parties shall settle the expenses separately on a factual basis.

3 Business Transaction Data

Article 1.5.1 of the original agreement stipulates that Party A transfers "all past transaction data, including but not limited to the list of validated User, information and materials of Users (including those provided by validated Users and those obtained by Party A), past transaction records, and other information and data of Users" to Party B. Party A and Party B acknowledge as follows with respect to the transferred Business Transaction Data:

3.1 Party B shall receive, process and protect business transaction data in accordance with all laws, administrative regulations, national standards and other applicable codes of conduct applicable to personal information and data security.

3.2 Party B undertakes that the business transaction data will only be used (1) to provide services for users before the transfer for the purpose of continuing to operate the Kuaidian Platforms; (2) necessary to continue to serve the business of Party A or Party A's affiliates. Details shall be subject to the documents otherwise signed by Party B and Party A or Party A's affiliates.

4. Miscellaneous

4.1 This Supplementary Agreement shall come into force after being signed by both Parties and shall come into force as of the effective date of the Original Agreement.

4.2 The appendix hereto is an integral part hereof and has the same legal effect as the text hereof.

4.3 Any supplement or amendment to this Supplementary Agreement shall be agreed by both Parties in writing.

4.4 This Supplementary Agreement supplements the Original Agreement. Both Parties acknowledge that, as between both Parties to this Supplementary Agreement, if there is any conflict between any provisions of the Original Agreement and any provisions of this Supplementary Agreement, this Supplementary Agreement shall prevail. If there is no provision in this Supplementary Agreement, the Original Agreement shall still prevail. If any part or term of this Supplementary Agreement is invalid or unenforceable for any reason, the validity of other parts or terms shall not be affected.

4.5 Unless with the prior written consent of the other Party, neither Party may transfer its rights or obligations hereunder to any third party.

4.6 Unless otherwise expressly stated or defined in this Supplementary Agreement, the terms used in this Supplementary Agreement shall have the same meanings as in the Original Agreement.

4.7 This Supplementary Agreement is made in Chinese in multiple counterparts. The electronic version of the Supplementary Agreement executed by the Parties by way of exchanging the executed version via e-mail and other written forms and saved in the format of PDF shall be deemed as the originals, and may serve as the independent evidence in proof of the establishment and effectiveness of the Supplementary Agreement.

(Followed by Signature Pages.)

IN WITNESS WHEREOF, this Supplementary Agreement has been executed by the Parties on the date first above written.

Kuaidian Power (Beijing) New Energy Technology Co., Ltd. (Seal)

Signed by: /s/ ZHENG Linyi

Name: ZHENG Linyi

Title: Legal Representative

IN WITNESS WHEREOF, this Supplementary Agreement has been executed by the Parties on the date first above written.

Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd. (Seal)

Signed by: /s/ YANG Tianyue

Name: YANG Tianyue

Title: Legal Representative

THE SYMBOL “[Redacted]” DENOTES PLACES WHERE CERTAIN IDENTIFIED
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BOTH (I) NOT MATERIAL, AND (II) IS THE TYPE THAT THE COMPANY
TREATS AS PRIVATE OR CONFIDENTIAL

Zhejiang Anji Zhidian Holding Co., Ltd.
Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd

Data Service Agreement

Feb 15, 2023

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This Data Service Agreement (this “**Agreement**”) is made in Anji County, Zhejiang Province, China on Feb 15, 2023 (the “**Date of Signing**”) by and between:

A. Zhejiang Anji Zhidian Holding Co., Ltd., a limited liability company duly established and validly existing under the laws of China, with its address at Room 101-27, Building 1, No. 236 Lingyan Road, Lingfeng Street, Anji County, Huzhou City, Zhejiang Province, China (“**Anji Zhidian**” or “**Party A**”);

B. Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd., a limited liability company duly established and validly existing under the laws of China, with its address at Room 101-28, Building 1, No. 236 Lingyan Road, Lingfeng Street, Anji County, Huzhou City, Zhejiang Province, China (“**Jiayu Big Data**” or “**Party B**”);

Party A and Party B are hereinafter individually referred to as a “**Party**” and collectively as the “**Parties**”.

Recital

WHEREAS,

1) Party A is a supplier of integrated charging service solutions. In the online charging services, Party A attracts traffic for operators of new energy vehicle charging facilities through the Kuaidian Platforms, enhances the transaction volume and return on investment of charging facilities operators in charging services, and assists operators in solving pain points such as difficulty in finding piles and opaque charging prices for end users. With respect to the offline charging services, based on the actual situation of the new energy vehicle charging facility operators and their target power stations, Party A provides the new energy vehicle charging facility operators with value-added services such as purchase of charging equipment, charging facility operation and maintenance, construction / filing / power installation / operation / maintenance of new charging stations, and peripheral supply in the charging stations (“**Value-Added Services**”).

2) Party B is a professional big data service company, which aims to provide data & information services and technical services for internet companies. At present, Party B or its controlled affiliate hold and operate the “Kuaidian” App mobile terminal, WeChat applet and other platforms (“**Kuaidian Platforms**”) and provide information release, technology docking and other services for Party A and charging station operators based on the platform, and online charging information services for users with new energy charging needs according to the Agreement.

3) Both Parties agree to carry out exclusive cooperation on some business related to the Kuaidian Platforms in order to integrate relevant resources and give full play to their respective advantages, and signed the Business Cooperation Agreement (the “**Framework Agreement**”) on March 31, 2022, which sets forth a framework agreement on the cooperation between both Parties. Both Parties intend to enter into a more specific agreement on the cooperation related to data services by signing this Agreement.

4) Kuaidian Power (Beijing) New Energy Technology Co., Ltd. and Party B signed the Assets Transfer Agreement on Kuaidian Platforms (the “**Assets Transfer Agreement**”) on February 1, 2022 and the supplementary agreement thereto, in relation to relevant arrangements for the transfer and connection of the relevant assets of the Kuaidian Platforms; And signed the Trademark License Authorization (the “**Trademark License Authorization**”) on March 31, 2022, in relation to the granting of a license to exclusively use registered trademarks such as Kuaidian.

For the avoidance of doubt, in addition to the Framework Agreement and this Agreement, Party A and Party B have also signed a Charging Business Cooperation Agreement (the “**Charging Business Cooperation Agreement**”), the effective date of which is the same as that of this Agreement. The Framework Agreement, the Assets Transfer Agreement and the supplementary agreement thereto and the Trademark License Authorization, together with the Charging Business Cooperation Agreement and this Agreement, constitute a blanket arrangement (the “**Blanket Agreement**”) between Party A and Party B with respect to the cooperation on the Kuaidian Platforms in the field of charging services. Except for the Assets Transfer Agreement, which is effective as of February 1, 2022, the other agreements have the same effective date of March 31, 2022. Both Parties agree and acknowledge that the Cooperation Period of this Agreement is from the effective date to March 30, 2027. NOW THEREFORE, in accordance with the provisions of relevant laws and regulations of the People’s Republic of China and following the principle of equality and mutual benefit, both Parties hereby enter into this Agreement on matters related to business cooperation through friendly negotiation.

Chapter 1 Cooperation

In this Chapter 1, any reference to “Party A” or “Anji Zhidian” shall refer to Anji Zhidian and its existing or future branches, subsidiaries and entities controlled by any of the foregoing, and any reference to “Party B” or “Jiayu Big Data” shall refer to Jiayu Big Data and its existing or future branches, subsidiaries and entities controlled by any of the foregoing. Each Party shall cause its affiliates to perform their respective obligations in accordance with this Agreement (if applicable); otherwise, the Party shall bear joint and several liabilities for breach of contract with its affiliates.

Both Parties agree that as of the date of this Agreement, they shall advance the following business cooperation in the following principles and under the following terms:

1.1 Principle of Cooperation

Subject to the laws and regulations and regulatory requirements of China, Party A and Party B will jointly explore a business cooperation model suitable for both Parties and fully carry out mutually beneficial cooperation, and are committed to jointly promoting the healthy development of the business areas in which both Parties cooperate and the efficient operation of the Kuaidian Platforms.

1.2 Contents of Cooperation

(a) Data service

Party B shall provide Party A with data services, including information release, information update and data protection, in accordance with this Agreement. Party B shall be responsible for collecting or retaining the user data or charging facility data collected by any the Kuaidian Platforms, including but not limited to the user information on the App or applet of the Kuaidian Platforms and the data provided to the Kuaidian Platforms by charging station operators cooperating with Party A (the "Cooperative Charging Station Operators"), including the location of charging facilities, interface type, the number of charging piles, the type of charging piles, the electric charges and the service fee in peak and valley times, promotional information, the real-time use status, fault information and parking space information of charging piles, etc. (collectively, the "Cooperation Data").

(a) Party B shall collect, share, process and protect the Cooperation Data in accordance with all applicable laws, administrative regulations, national standards and other applicable codes of conduct on personal information protection and data security. Unless otherwise provided by applicable laws and regulations, Party B shall not provide the Cooperation Data for any third party, nor shall it use the Cooperation Data for any purpose other than the cooperation specified under the Blanket Agreement. Party B shall not use the Cooperation Data to operate on its own, entrust others to operate or enter into joint ventures or associates with others to operate any business similar to or in competition with that under the Blanket Agreement. For the avoidance of doubt, Party B has the right to use the data it collects and saves to provide business that is not similar to or in competition with the business under the Blanket Agreement and to expand other business cooperation, revenue sources, etc., provided that the normal operation of the Cooperation Agreement between both Parties is not affected.

Based on the foregoing data services, in the process of Party A's operational and marketing decision-making, fund settlement, reconciliation and settlement for charging services, Party B shall provide Party A with the necessary Cooperation Data, excluding the users' personal information, required by Party A for its operational and marketing decisions, transaction reconciliation and expense settlement, to the minimum extent necessary to achieve the foregoing purposes.

To the extent agreed in the foregoing terms, when providing Party A with transaction reconciliation and expense settlement services, Party B shall feed back the reconciliation and settlement results in a timely, efficient and accurate manner (except for reasonable error) according to Party A's business settlement needs and provide necessary and accurate data support according to Party A's reconciliation needs.

For the purpose of this Agreement, personal information refers to all kinds of information related to an identified or identifiable natural person that is recorded electronically or otherwise, excluding anonymized information.

(b) Marketing Data Services

Party B shall provide marketing and technical services for Party A and/or Party A's Cooperative Charging Station Operators. Party A shall formulate plans for membership activities, coupon marketing, etc., and design a user marketing service plan related to online charging services, and Party B shall launch/sell marketing activities/products in accordance with the marketing plan formulated by Party A. Various user subsidies, marketing costs, etc. incurred under the marketing services (collectively "Marketing Expenses"; the Cooperation Expenses specified in Article 1.3 exclude such Marketing Expenses) shall be settled in accordance with Article 1.4 of the Charging Business Cooperation Agreement and the income therefrom shall be borne and enjoyed by Party A. Specifically:

1. Paid Membership Activities

Party A shall be responsible for the design of a membership activity plan (including membership service rules, the membership price and the membership bonus), and Party B shall be responsible for the launch, implementation and sale of the membership activity plan designed by Party A on the Kuaidian Platforms. Party B shall develop a complete membership system management system, including membership registration, membership validity period, verification and cancellation of membership rights and interests, collection of membership fees, issuance of membership fee invoices and other functions, so as to implement the membership activity plans designed by Party A. Party B acknowledges that the service rules and user rights and interests involved in the charging membership service agreement published by it on the Kuaidian Platforms shall be negotiated with Party A in advance. Party B may provide Party A with membership sales information and member use information processed by statistical technology for Party A's reconciliation, accounting for income and expenses and other purposes.

For the purpose of this Agreement, statistical technology refers to methods that anonymize data sets or improve the effectiveness of deanonymization technology, and the data processed by statistical technology cannot be associated with an identified or identifiable natural person.

2. Coupon Package Marketing

Party A shall be responsible for the design of coupon package products (including the price and use rules of coupon packages), and Party B shall be responsible for the launch, implementation and sale of coupon package products designed by Party A on the Kuaidian Platforms. Party B shall develop a complete coupon package sales management system, including the coupon package purchase, use verification, validity period, purchase fee collection, user invoicing and other functions, so as to implement the coupon package products designed by Party A. Party B shall, according to the use rules confirmed by Party A, configure the range of charging stations that can be used for the coupon package products and provide charging discounts to charging users who purchase coupon packages. Party B may be responsible for providing Party A with statistically technically processed sales information of coupon packages and other statistical data for Party A's reconciliation, accounting for such income and expenses and other purposes.

3. Marketing Strategy Services

Party A shall be responsible for the marketing and promotion strategy, and have full discretion to make one or more of the following adjustments in due time, and Party B shall be responsible for promptly launching the adjusted marketing activities to ensure that the information displayed on the Kuaidian Platforms is consistent with the price, activities and other information adjusted by Party A in due time:

- (1) adjusting the marketing costs and subsidy forms in various regions (such as direct price reduction, price concessions, coupons and carbon credit rules for Kuaidian Platform users);
- (2) updating the fees for member rights and interests or adjusting the contents of member rights and interests;
- (3) launching/discontinuing various promotional activities (such as group purchases and promotions with reduced prices for membership rights, promotions with reduced prices for coupon packages), etc.;
- (4) requiring Party B to set whitelist or blacklist rules, electronic fence setting rules, etc. under each promotional scenario.

Party B shall provide necessary analysis data to the extent that it does not involve the user personal information and important data, for Party A to use as a reference for formulating or adjusting marketing strategies.

(c) Provision of Verification Data Support

Both Parties agree that Party B shall cooperate with Party A in its regular business verification, as well as with Party A's auditors and other third-party intermediaries in the verification (the verification shall be carried out subject to the compliance with the law). Both Parties agree that Party A may appoint its own personnel or designate a third-party intermediary to conduct business verification on behalf of Party A, and such verification will be conducted within 2 months after the end of each quarter. The verification by Party A's auditors shall be carried out at least once a quarter and within 3 months after the end of each quarter.

When Party A entrusts a third-party intermediary, it shall agree with the third-party intermediary that Party B will provide it and will only provide it with the data processed by statistical technology, and will not involve user personal information in any case, unless the third-party intermediary proves that it is necessary. In this case, the third-party intermediary shall process the relevant user personal information within the minimum period of time to achieve the relevant processing purpose, and delete the user personal information when the aforesaid purpose is achieved or cannot be achieved.

(d) Others

As a data service provider, Party B is obliged to arrange for sufficient and necessary manpower, equipment, cloud services and other inputs to ensure the security of the information system and data security. Party B is also obliged to ensure that the information system has sound and effective control, to engage a credible third-party institution in the market to evaluate the effectiveness of the information system every year, to issue an unqualified opinion on SOC (System and Organization Controls) Type 2 Report (SOC1 Type 2 Report), and to promptly provide the SOC1 Type 2 Report for Party A. Party B confirms that if there are identified control defects, Party B will provide Party A with such defect information at the earliest time possible, and will try its best to cooperate with the rectification requirements of the third-party institution at the earliest time possible, so as to ensure the effectiveness of the service process and system internal control.

Both Parties agree that the data to be provided by Party B as required by Party A or to be provided by Party B to Party A shall not include personal information or important data. If Party A requires Party B to provide personal information as required by laws and regulations or as necessary for business, Party B shall ensure that the cumulative information provided does not exceed the personal information of 1 million users. Party A can only process the relevant data within the minimum period necessary to achieve the purposes of operational and marketing decision-making, transaction

reconciliation and expense settlement, and shall not use it for other purposes, and shall delete such data as soon as possible after the purpose is achieved, unless Party A shall save the relevant personal information as required by laws and administrative regulations or it is technically difficult to delete the personal information. In such cases, Party A shall stop processing other than storing and taking necessary security measures.

If Party A notices any abnormality in the process of Party B's provision of data services (such as being required to remove relevant APP from the application distribution platform, data security issues, or the APP not being used normally for more than 30 minutes), Party A has the right to require Party B to make rectification when the abnormality occurs, and Party B shall cooperate in the relevant rectification (including but not limited to internal control and system rectification by employing a thirty-party institution recognized by both Parties, with such consulting fees borne by Party B on its own). If the rectification fails to achieve the desired effect, both Parties shall negotiate a solution.

1.3 Cooperation Expenses

(a) Under the data services, Party B provides Party A with the charging service release platforms and collects cooperation expenses (the "Cooperation Expenses") from Party A. Such Cooperation Expenses do not include the fees as business cooperation incentives provided by Party A for Party B and/or Party B's employees. The annual base Cooperation Expenses are listed as follows:

Cooperation Period	Cooperation Expenses (RMB, exclusive of tax)
From March 31, 2022 to March 30, 2023	【Redacted】
From March 31, 2023 to March 30, 2024	【Redacted】
From March 31, 2024 to March 30, 2025	【Redacted】
From March 31, 2025 to March 30, 2026	【Redacted】
From March 31, 2026 to March 30, 2027	【Redacted】

If, during a certain Cooperation Period, the GMV related to the charging services provided by the Kuaidian Platforms and Party A exceeds 200% of the GMV in the previous Cooperation Period, upon the proposal of Party B, the Cooperation Expenses for that Cooperation Period may be increased to no more than 125% of the Cooperation Expenses for the previous Cooperation Period. If, during a certain Cooperation Period, the GMV related to the charging services provided by the Kuaidian Platforms and Party A is lower than 60% of the GMV in the previous Cooperation Period, upon the proposal of Party A, the upper limit of the Cooperation Expenses for that Cooperation Period may be reduced to no less than 80% of the Cooperation Expenses for the previous Cooperation Period. Both Parties shall request an adjustment to the Cooperation Expenses within the last quarter of each Cooperation Period.

If Party B believes that the above-mentioned adjusted Cooperation Expenses are still insufficient to cover its operating investment and reasonable profit, it shall provide Party A with a breakdown of costs and expenses (see the reconciliation statement template attached), and both Parties shall renegotiate the Cooperation Expenses for the Cooperation Period. Party A reserves the right to inquire about the breakdown of such costs and expenses and the vouchers thereof. If both Parties have disputes over the breakdown of the costs and expenses, Party A has the right to employ a third-party intermediary to check the breakdown of the costs and expenses incurred by Party B under the Cooperation Agreement. If there is still a dispute between both Parties, which affects the basis of cooperation, both Parties will settle it through negotiation. If both Parties fail to reach an agreement after negotiation within 6 months after the dispute occurs, both Parties have the right to terminate this Agreement and discuss the arrangements for the termination of this Agreement.

Both Parties shall settle 1/4 of the Cooperation Expenses for the Cooperation Period at the end of each quarter. In case of adjustment to or renegotiation of the Cooperation Expenses, any difference shall be made up for at the time of the last payment during the Cooperation Period.

(b) Both Parties shall complete reconciliation within 15 working days after the end of each quarter, and within 5 working days after confirming that there is no objection to the reconciliation, Party B shall issue to Party A a legal and equivalent VAT invoice (tax rate of 6%) for the service fees. Party A shall pay the Cooperation Expenses within 30 days after receiving the invoice or settle the Cooperation Expenses by offsetting the current accounts and sign an offset agreement. In addition, if Party B does not cooperate with Party A in settling the charging service payment on time as agreed in the Charging Service Cooperation Agreement between Party A and Party B, Party A has the right to postpone the settlement of such data service payment until the problem is solved. Such postponement does not constitute Party A's breach of contract.

(c) Invoicing

The invoicing information is as follows.

Name	Zhejiang Anji Zhidian Holding Co., Ltd.
Taxpayer identification number	91330523MA7EUHT663
Bank of account	Business Department of Zhejiang Anji Rural Commercial Bank Co., Ltd.
Account No.	【Redacted】
Registered address and contact information	【Redacted】

(d) Party B's bank account

Party B's bank account: 【Redacted】

Registered address: 【Redacted】

1.4 Other Conventions

(a) If necessary, Party A and Party B may separately sign specific agreements, letters of confirmation and other documents with respect to the above authorization, and agree on the use methods, expense adjustment and settlement adjustment arrangements, etc.

(b) Party B's representations and warranties: Party B warrants that the information provided by it is the transaction information and data that have actually occurred and have not been modified or tampered with for the purpose of making profits, except for appropriate anonymization as required by the relevant laws and regulations and this Agreement. Party B recognizes the responsibility to cooperate with Party A in reconciliation. In case of any human error or omission in information, Party B is willing to bear the relevant liability for breach of contract.

(c) Unless otherwise agreed, the intellectual properties or related interests contained in the process of business cooperation shall belong to the providing Party;

(d) Each Party shall guarantee and undertake to the other Party that: this Agreement, once signed, will constitute legal and valid obligations binding upon it; it has made or will make its best efforts to obtain all necessary licenses, consents and approvals required by relevant laws and regulations and government departments for its carrying out the business cooperation hereunder, and to ensure that the foregoing licenses, consents and approvals will remain valid during the term of this Agreement. For the avoidance of doubt, Party B guarantees and undertakes that any change in its equity structure, actual control, internal organizational structure, management personnel, etc., will not affect the validity of this Agreement and its binding force on Party B.

(e) If, due to its own reasons, including but not limited to any changes in its equity structure, actual control, internal organizational structure, management personnel, etc., which may affect the normal performance of this Agreement or violate the purpose of this Agreement, Party B shall promptly discuss with Party A in advance to jointly negotiate a solution that can ensure Party A's business continuity, and shall use commercially reasonable efforts to ensure that Party A's business continuity will not be materially affected by such changes.

Chapter 2 Effectiveness and Term

2.1 This Agreement shall be established after being signed by both Parties and shall take effect simultaneously from the effective date of the Framework Agreement.

2.2 This Agreement shall be valid for five (5) years (the "Cooperation Period").

(a) For the avoidance of doubt, Party A and Party B acknowledge that, at the time of signing this Agreement, they have actually implemented the contents of this Agreement as of the effective date of the Framework Agreement (i.e. March 31, 2022), and both Parties agree and acknowledge that the effective date of this Agreement is March 31, 2022 and the period of the cooperation between both Parties is from March 31, 2022 to March 30, 2027.

(b) Both Parties may negotiate on the renewal of this Agreement no later than six (6) months before the expiration of the Cooperation Period; in case of no objection, this Agreement shall be renewed by one (1) year, for an unlimited number of times, and each renewed term can be further renewed in a similar fashion.

(c) If both Parties decide not to renew the Contract, the business carried out during the Cooperation Period will automatically terminate; Both Parties shall smoothly terminate the cooperation on the premise of not affecting the rights and interests of charging station operators and the rights of users and consumers, and Party B shall observe the requirements of GB-T 35273-2017 Information Security Technology–Code for Personal Information Security, send a notice to the Kuaidian Platform users 30 days before the proposed termination of cooperation, and shall negotiate with Party A on a handling plan within two months before the notice is sent, so as to protect the rights and interests of users.

Unless both Parties otherwise reach other solutions, Party B shall transfer the systems and data related to the cooperative Kuaidian Platforms and the Cooperative Charging Station Operators under this Agreement to a third party jointly designated by Party A and Party B (the "**Transfer of Termination Business**") to protect the rights and interests of users. Party B shall not refuse the third party proposed by Party A without reasonable reasons, and Party B shall fully cooperate in the Transfer of Termination Business. Any additional expenses incurred due to the Transfer of Termination Business shall be borne by Party A, except those incurred due to Party B's fraud, subjective intention or gross negligence.

If the cooperation is terminated, both Parties shall ensure that the users will not be affected by the termination of cooperation. Users can log in and use the Kuaidian Platforms according to their trading habits before the transfer, and complete charging service transactions through the Kuaidian Platforms; The VIP membership services, coupon packages, etc. that have been purchased by users before the termination of the cooperation can still be used after the termination of the cooperation.

Chapter 3 Breach

3.1 Breach and Early Termination

(a) Either Party (the "**Breaching Party**") who fails to perform its obligations hereunder shall constitute a breach of this Agreement ("**Breach**");

(b) If Party B violates this Agreement, causing serious losses to Party A (that is, Party A's direct losses caused by a single error exceed RMB 200,000), Party B shall be in breach of contract. Party B shall make rectifications at the earliest time possible and avoid the recurrence of such errors. Party B shall bear corresponding liability for compensation for the direct or indirect losses caused to Party A.

(c) In case of serious Breach by the Breaching Party, the non-breaching Party (the "**Non-breaching Party**") shall have the right to notify the Breaching Party in writing of its Breach, and the Breaching Party shall remedy its Breach within thirty (30) days from the date of the notice. If the Breaching Party fails to remedy the Breach at the expiration of such thirty (30) days, the Non-breaching Party shall have the right to terminate this Agreement. If either Party has already made it clear (orally, in writing or by act) before the expiration of the term hereof that it will not perform its major obligations hereunder, or the Breach of the Breaching Party (including a Breach caused by force majeure) has made both Parties unable to achieve the basic purpose of this Agreement, the Non-breaching Party shall have the right to terminate this Agreement.

3.2 Compensation for Breach

The Breaching Party shall compensate the Non-breaching Party for all direct costs, liabilities, or losses incurred due to its Breach.

3.3 Specific Performance

In addition to other rights and remedies hereunder, the Non-breaching Party shall also have the right to require the Breaching Party to specifically and fully perform its obligations hereunder.

Chapter 4 Termination

4.1 Termination

This Agreement shall be terminated under any of the following circumstances: (1) in case either Party goes bankrupt, becomes insolvent, goes into liquidation or dissolution procedures, suspends business or cannot pay off its due debts or cannot exist for other reasons during the cooperation period, the Party shall submit a written explanation to the other Party, and the other Party shall have the right to send a written notice to terminate this Agreement thirty (30) days in

advance; (2) both Parties agree to rescind or terminate this Agreement through consultation in writing.

4.2 Effect of Termination

If this Agreement is terminated in accordance with the provisions of this Chapter 4, the rights and obligations hereunder shall be terminated as well, and this Agreement will no longer be binding upon either Party, provided that (1) the provisions of Chapter 3 (Breach), Chapter 4 (Termination), Chapter 5 (Confidentiality) and Chapter 6 (Governing Law and Dispute Resolution) shall survive; and (2) the termination of this Agreement shall not exempt either Party's liability for its Breach hereunder.

Chapter 5 Confidentiality

5.1 Confidential Information

Both Parties acknowledge that this Agreement, the contents of this Agreement, the transactions contemplated hereunder, as well as all data, information and materials related to the transactions shall be treated as confidential information.

5.2 Confidentiality Obligations

Both Parties agree that they shall, and shall ensure that their affiliates and their respective officers, directors, employees, agents, representatives, accountants and legal advisers to, keep all confidential information received or obtained by them confidential and shall not disclose to any third party or use it.

5.3 Excluded Disclosure

The confidentiality obligations under this Chapter shall not apply to: (i) any information permitted to be disclosed in accordance with the provisions hereof; (ii) any information that is publicly available at the time of disclosure and is not disclosed due to any breach of this Agreement by either Party or its affiliates, or its or its affiliates' officers, employees, agents, representatives, accountants and legal advisers; (iii) any information obtained by either Party from a bona fide third party without confidentiality obligations; or (iv) any information disclosed to the extent mutually agreed by both Parties. In addition, each Party may disclose the said information to its affiliates and its or its affiliates' investors, officers, directors, employees, partners, shareholders, agents, representatives, accountants and legal advisers to the extent necessary for the purpose of performing this Agreement, provided that it shall ensure that such persons undertake the same confidentiality obligations.

Chapter 6 Governing Law and Dispute Resolution

6.1. Applicable Laws

The conclusion, validity, interpretation and performance of this Agreement and the resolution of any dispute arising therefrom shall be governed by the laws of China.

6.2 Dispute Resolution

(a) Any dispute, controversy or claim arising from or in connection with this Agreement or its Breach, termination or invalidity (collectively, "Disputes") shall be resolved by both Parties through friendly negotiation. If such negotiation fails, either Party may submit the dispute to the court with jurisdiction in Anji County, Zhejiang Province, China where this Agreement is signed for litigation;

(b) The above provisions of this Article 6.2 shall not prevent the Parties from applying for any pre-litigation preservation or injunctive relief available for any reason, including but not limited to the subsequent application for enforcement of the judgment of the litigation.

Chapter 7 General Provisions

7.1 Fees and Taxes

Any costs, expenses and taxes incurred by each Party for the execution of this Agreement and the performance of the transactions contemplated hereunder shall be borne by each Party respectively in accordance with the applicable laws of China.

7.2 Notices

A notice or other communication sent by one Party to the other Party in connection with this Agreement (the "Notice") shall be made in writing (including but not limited to letter or e-mail), and shall be deemed as to be served: (1) when it is received and signed by the notified person if it is delivered by hand, and it shall not be deemed to be effectively served if it is not received and signed by the notified person; (2) seven (7) days after posting if it is sent by registered mail or express mail; or (3) when the e-mail system shows that the e-mail is actually received by the notified person if it is sent by an e-mail. For the purpose of serving the notice, the contact information of both Parties is as follows:

(a) If to Party A: Zhejiang Anji Zhidian Holding Co., Ltd.

Address: NewLink Center, Block G, Building 7, Hui Tong Times Plaza, Yaojiayuan South Road, Chaoyang District, Beijing

Tel: 【Redacted】

Attn: 【Redacted】

(b) If to Party B: Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd

Address: 【Redacted】

Tel: 【Redacted】

Attn: 【Redacted】

If any party changes its contact address or communication number ("Changing Party"), the Changing Party shall notify the other parties within seven (7) days upon occurrence of such change. If the Changing Party fails to notify the change within the said period, and a notice is delivered to the Changing Party's contact information before the change in accordance with Article 7.2, such notice shall be deemed to have been effectively served to the Changing Party and the losses caused thereby, if any, shall be borne by the Changing Party itself.

7.3 Assignment and Succession

Unless otherwise expressly agreed herein or agreed by both Parties in writing, neither Party shall transfer this Agreement or any of its rights and obligations hereunder for any reason. Notwithstanding the foregoing, each Party may transfer its rights and obligations hereunder to its affiliates without the consent of the other Party, but the transferring Party shall notify the other Party in advance of the transfer and the information of its affiliate to which its rights and obligations are transferred, and such affiliate shall have the qualification and ability to conduct the cooperation as agreed in Chapter 1 hereof. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

7.4 Severability

If any term or other provision of this Agreement is deemed invalid, illegal or unenforceable in accordance with any laws, regulations or public policies, all other terms and provisions of this Agreement shall remain in full force and effect as long as the economic or legal substance of the transactions contemplated hereunder has not been materially and adversely affected to either Party in any form. When any term or other provision of this Agreement is deemed invalid, illegal or unenforceable, both Parties shall negotiate in good faith to amend this Agreement to realize the original intention of both Parties as close as possible in an acceptable manner, so as to complete the transactions contemplated hereunder as far as possible according to the original plan.

7.5 Entire Agreement

This Agreement contains all understandings and agreements between the Parties with respect to the transactions contemplated hereunder, and shall supersede all written and oral agreements and commitments between the Parties with respect to the transactions contemplated hereunder prior to the Date of Signing.

7.6 Waiver

Either Party may (a) extend the period for the other Party to perform any obligation or take any action, (b) waive the right to hold the other Party accountable for any inaccuracy of the representations and warranties made by it in this Agreement or any other transaction document, or (c) waive the right to request the other Party's compliance with any covenant or condition contained herein. Such extension or waiver shall be effective only after the Party bound has signed a written document expressly stating the extension or waiver. Either Party's waiver of any breach of the terms of this Agreement shall not be deemed or construed as a further waiver or continuing waiver of such breach, or a waiver of any other breach or subsequent breach. Except as otherwise provided herein, either Party's failure to exercise or delay in exercising any right, power or remedy under this Agreement or otherwise available in accordance with laws and regulations shall not be deemed as its waiver of such right, power or remedy, nor such Party's single or partial exercise of such right, power or remedy shall exclude any other or further exercise of such right, power or remedy, or the exercise of any other right, power or remedy.

7.7 Amendments

No modification or amendment to this Agreement shall take effect unless it is made and signed by both Parties in writing.

7.8 Counterparts

This Agreement is made in two (2) copies, one (1) for each Party respectively, all of which shall be deemed as an original and have the same legal effect. The electronic version of the Supplementary Agreement executed by the Parties by way of exchanging the executed version via e-mail and other written forms and saved in the format of PDF shall be deemed as the originals, and may serve as the independent evidence in proof of the establishment and effectiveness of the Supplementary Agreement.

(Followed by Signature Pages)

IN WITNESS WHEREOF, this Agreement has been executed by the Parties on the date first above written.

Zhejiang Anji Zhidian Holding Co., Ltd. (Seal)

Signed by: /s/ WANG Yang

Name: WANG Yang

Title: Legal Representative

Signature Page to the Data Service Agreement

IN WITNESS WHEREOF, this Agreement has been executed by the Parties on the date first above written.

Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd. (Seal)

Signed by: /s/ YANG Tianyue

Name: YANG Tianyue

Title: Legal Representative

Signature Page to the Data Service Agreement

Appendix: Reconciliation Statement

Reconciliation Statement						
Contract Information	Contract information: Data Service Agreement signed by and between Zhejiang Anji Zhidian Holding Co., Ltd. and Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd. on []					
Settlement Period	From [] to []					
Period	Breakdown of Expenses (Unit: RMB)					
	Labor cost	Daily expenses	Handling charges	Taxes	Marketing expenses/revenue	Cloud Service Fee
Example: from January 1, 2022 to January 31, 2022						
						Subtotal: RMB.
						Subtotal: RMB.
						Subtotal: RMB.
Remarks:						
<p>Both Parties have no objection upon checking the reconciliation statement and confirm by signature that both Parties shall settle the Cooperation Expenses for the settlement period according to the reconciliation statement.</p> <p>Zhejiang Anji Zhidian Holding Co., Ltd. Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd.</p> <p>Person in charge (signature): Person in charge (signature):</p> <p>Date of reconciliation: [] Date of reconciliation: []</p>						

THE SYMBOL “[Redacted]” DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL, AND (II) IS THE TYPE THAT THE COMPANY TREATS AS PRIVATE OR CONFIDENTIAL

Zhejiang Anji Zhidian Holding Co., Ltd.
Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd

Charging Business Cooperation Agreement

Feb 15, 2023

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This Charging Business Cooperation Agreement (this “**Agreement**”) is made in Anji County, Zhejiang Province, China on Feb 15, 2023 (the “**Date of Signing**”) by and between:

A. Zhejiang Anji Zhidian Holding Co., Ltd., a limited liability company duly established and validly existing under the laws of China, with its address at Room 101-27, Building 1, No. 236 Lingyan Road, Lingfeng Street, Anji County, Huzhou City, Zhejiang Province, China (“**Anji Zhidian**” or “**Party A**”);

B. Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd., a limited liability company duly established and validly existing under the laws of China, with its address at Room 101-28, Building 1, No. 236 Lingyan Road, Lingfeng Street, Anji County, Huzhou City, Zhejiang Province, China (“**Jiayu Big Data**” or “**Party B**”);

Party A and Party B are hereinafter individually referred to as a “**Party**” and collectively as the “**Parties**”.

Recital

WHEREAS,

1) Party A is a supplier of integrated charging service solutions. In the online charging services, Party A attracts traffic for operators of new energy vehicle charging facilities through the Kuaidian Platforms, enhances the transaction volume and return on investment of charging facilities operators in charging services, and assists operators in solving pain points such as difficulty in finding piles for end users. Meanwhile, based on the actual situation of the new energy vehicle charging facility operators and their target power stations, Party A provides the new energy vehicle charging facility operators with value-added services such as marketing support, charging facility operation and maintenance, construction / filing / power installation / operation / maintenance of new charging stations, and peripheral supply in the charging stations (“**Value-Added Services**”);

2) Party B is a professional big data service company, which aims to provide data & information services and technical services for internet companies. At present, Party B or its controlled affiliate hold and operate the “Kuaidian” App mobile terminal, WeChat applet and other platforms (“**Kuaidian Platforms**”) and provide information release, technology docking and other services for Party A and charging station operators based on the platform, and online charging information services for users with new energy charging needs according to the Agreement.

3) Both Parties agree to carry out exclusive cooperation on some business related to the Kuaidian Platforms in order to integrate relevant resources and give full play to their respective advantages, and signed the Business Cooperation Agreement (the “**Framework Agreement**”) on March 31, 2022, which sets forth a framework agreement on the cooperation between both Parties. Both Parties intend to enter into a more specific agreement on the charging business cooperation by signing this Agreement (the “**Charging Business Cooperation Agreement**”).

4) Kuaidian Power (Beijing) New Energy Technology Co., Ltd. and Party B signed the Assets Transfer Agreement on Kuaidian Platforms (the “**Assets Transfer Agreement**”) on February 1, 2022 and the supplementary agreement thereto, in relation to relevant arrangements for the transfer and connection of the relevant assets of the Kuaidian Platforms; And signed the Trademark License Authorization (the “**Trademark License Authorization**”) on March 31, 2022, in relation to the granting of a license to exclusively use registered trademarks such as Kuaidian.

For the avoidance of doubt, in addition to the Framework Agreement and this Charging Business Cooperation Agreement, Party A and Party B also sign the Data Service Agreement (the “**Data Service Agreement**”), the effective date of which is the same as that of this Agreement. The Framework Agreement, the Assets Transfer Agreement and the supplementary agreement thereto and the Trademark License Authorization, together with this Charging Business Cooperation Agreement and the Data Service Agreement, constitute a blanket arrangement (the “**Blanket Agreements**”) between Party A and Party B with respect to the cooperation on the Kuaidian Platforms in the field of charging services. Except for the Assets Transfer Agreement, which is effective as of February 1, 2022, the other agreements have the same effective date of March 31, 2022. Both Parties agree and acknowledge that the Cooperation Period of this Agreement is from the effective date to March 30, 2027. NOW THEREFORE, in accordance with the provisions of relevant laws and regulations of the People’s Republic of China and following the principle of equality and mutual benefit, both Parties hereby enter into this Agreement on matters related to business cooperation through friendly negotiation.

Chapter 1 Cooperation

In this Chapter 1, any reference to “Party A” or “Anji Zhidian” shall refer to Anji Zhidian and its existing or future branches, subsidiaries and entities controlled by any of the foregoing, and any reference to “Party B” or “Jiayu Big Data” shall refer to Jiayu Big Data and its existing or future branches, subsidiaries and entities controlled by any of the foregoing. Each Party shall cause its affiliates to perform their respective obligations in accordance with this Agreement (if applicable); otherwise, the Party shall bear joint and several liabilities for breach of contract with its affiliates.

Both Parties agree that as of the date of this Agreement, they shall advance the following business cooperation in the following principles and under the following terms:

1.1 Principle of Cooperation

Subject to the laws and regulations and regulatory requirements of China, Party A and Party B will jointly explore a business cooperation model suitable for both Parties and fully carry out mutually beneficial cooperation, and are committed to jointly promoting the healthy development of the business areas in which both Parties cooperate and the efficient operation of the Kuaidian Platforms.

1.2 Contents of Cooperation

Party A, as an agent of the charging station operators it cooperates with (the "Cooperative Charging Station Operators"), connects the charging station operators and terminal charging users and provides online charging service solutions through cooperation with Party B. Party A will charge the corresponding business service fee from the operators, which will be agreed upon by Party A with the Cooperative Charging Operators through an agreement. Party A shall provide Party B with the interface information (e.g., connection method) of the charging facilities at the charging stations provided by its Cooperative Charging Station Operators. Party B, as the operator of the Kuaidian Platforms, shall connect the charging facilities at the charging stations of the Cooperative Charging Station Operators provided by Party A to the Kuaidian Platforms for system connection, so as to realize the interconnection of the data of the charging facilities of the Cooperative Charging Station Operators with the Kuaidian Platforms, so that the Cooperative Charging Station Operators can display the location information of the charging facilities, interface type, quantity of charging facilities, type of charging facilities, price information, real-time use status, fault information, etc. online through the Kuaidian Platforms. Party A can only use the interface information of the charging facilities at the charging stations for the purposes specified in this Agreement, and shall delete such interface information after the relevant purposes are achieved.

1.3 Reconciliation

Party A and Party B shall check the charging fees for the reconciliation period within 5 working days after the end of each quarter (the "Reconciliation Period"). Please refer to the appendix for the reconciliation statement template (the reconciliation statement template may be adjusted and updated according to the actual business development.)

After reconciliation, both Parties shall confirm the settlement amount by seals or emails.

Party B shall assist Party A in reconciliation with the charging station operators, and promptly provide the completed reconciliation statements or letters of reconciliation confirmation between Party B and the charging station operators for Party A's use. Such letters of confirmation shall be in the version sealed or confirmed by the charging station operators.

If both Parties have any objection to the charging fees, it may be settled by checking the information of the charging station operators, investigating the charging orders generated by Party B's back office or otherwise. Party A has the right to verify the information to the extent that it complies with legal requirements. The specific verification method shall be subject to the Data Service Agreement signed by both Parties. If both Parties cannot resolve the differences in insignificant amounts within 15 working days after reconciliation, the settlement shall be made based on Party B's data, and the overpayment shall be refunded and the deficiency shall be supplemented after the investigation results are achieved. The aforementioned insignificant amount specially refers to the cumulative difference that amounts to less than RMB 1,000 per calendar month.

Party B shall make payment to Party A within 5 working days after the completion of reconciliation. If Party B delays payment, a penalty equivalent to 0.01% of the confirmed unpaid settlement amount shall be paid for each day of delay unless exempted by Party A.

1.4 Payment Settlement and Invoicing

Party A may sign the corresponding cooperation agreement on interconnection of the Kuaidian Platforms with Cooperative Charging Station Operators on its own (the "Bipartite Agency Model"), or Party A may coordinate with Cooperative Charging Station Operators to jointly sign a cooperation agreement on interconnection of the Kuaidian Platforms with Party B (the "Tripartite Agency Model").

a) Bipartite Agency Model

Payment settlement: Party B shall pay the charging fees to Party A in accordance with Article 1.3. The charging fees to be paid by Party B are: all the electric charges and the charging service fee paid by the Kuaidian Platform users to Party B after charging at the Cooperative Charging Station Operators.

Invoicing: unless the Cooperative Charging Station Operators shall directly issue invoices to the Kuaidian Platform users, Party A shall issue special invoices for electric charges (tax rate of 13%) and the charging service fee (tax rate of 13%) to Party B.

b) Tripartite Agency Model

Payment settlement: Party B shall directly pay the charging fees to the Cooperative Charging Station Operators in

accordance with the settlement rules and reconciliation results agreed in the tripartite agreement; and pay the business service fee to Party A as entrusted by the Cooperative Charging Station Operators (the "Fund Settlement"). If the amount collected by Party B from the Kuaidian Platform users is less than the charging fees paid to the Cooperative Charging Station Operators, that is, there is a loss of orders due to promotion, the loss amount arising from the loss of orders shall be covered by Party A with the big data company.

Invoicing: unless the Cooperative Charging Station Operators shall directly issue invoices to the Kuaidian Platform users, the Cooperative Charging Station Operators shall issue to Party B special invoices for electric charges (tax rate of 13%) and the charging service fee (tax rate of 13%).

c) Marketing Activities

Payment settlement: in the scenarios such as paid membership service and coupon package sales service involved in 1.2 (b) of the Data Service Agreement, the sales payment collected by Party B shall be settled with Party A on a monthly basis.

Invoicing: Party A shall issue to Party B a special VAT invoice (tax rate of 13%) for the charging service fee.

Except for the fund settlement that is completed under the Tripartite Agency Model, both Parties shall complete reconciliation and fund settlement within 15 working days after the end of each month, or settle the Cooperation Expenses by offsetting the current accounts and sign an offset agreement. Where Party A invoicing Party B is required under the Bipartite Agency Model and in the marketing activities, Party A shall issue special invoices for the electric charges and the charging service fee to Party B within 5 working days after settlement.

The invoicing information is as follows:

Name	<i>Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd</i>
Taxpayer identification number	91330523MA7HEPWG41
Bank of account	【Redacted】
Account No.	【Redacted】
Registered address and contact information	【Redacted】

Bank account

Party A's bank account number:

Zhejiang Anji Zhidian Holding Co., Ltd.

【Redacted】

Party B's bank account number:

Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd

【Redacted】

1.5 Other Conventions

(a) For the avoidance of doubt, the Parties agree to amend and replace the "Agent Business" as provided in section 1.2(a) of the Framework Agreement, in its entirety as follows: Party B authorizes Party A to be the exclusive partner of Kuaidian Platforms in the territory of PRC and Party A shall have the exclusive right to conduct charging service business through Kuaidian Platforms. Party B shall not authorize any other person to conduct through Kuaidian Platforms any business in any competition with the business conducted by Party A through Kuaidian Platforms. Party A shall have the right to develop agents or charging station operators on its own and connect the charging station operators and the charging facilities operated by them to Kuaidian Platforms in accordance with the cooperation agreement with Party B. Party A

shall conduct marketing planning and operation of stations, analysis and decision-making of operating strategy of charging business and station consultation through Kuaidian Platforms. Party B shall have the obligation to provide necessary system supporting measures to connect the charging facilities operated by the charging station operators developed by Party A to Kuaidian Platforms and provide the system connecting and data services in accordance with relevant cooperation agreements, to expand the user base of charging station operators as much as possible and improve the operating efficiency and business income level of charging station operators. Party B shall not operate, entrust others to operate, establish joint venture with others or cooperate with others to operate any business in competition with the Blanket Agreements. Without prejudice to the Parties' performance of relevant rights and obligations under the Cooperation Agreement, Party B shall have the right to engage in business not competing with the contents under the Blanket Agreements, including development of other commercial cooperation and revenue sources.

(b) Party B's representations and warranties: Party B warrants that the information provided by it is true transaction information and data, which have not been modified or tampered with by Party B for the purpose of making profits, except for appropriate anonymization as required by the relevant laws and regulations and this Agreement. Party B recognizes the responsibility to cooperate with Party A in reconciliation. In case of any human error or omission in information, Party B is willing to bear the relevant liability for breach of contract. The arrangements for data services shall be subject to the relevant provisions of the Data Service Agreement.

(c) Representations and warranties of Party B: In order to ensure that the relevant information displayed by Party B on the Kuaidian Platforms with respect to the Cooperative Charging Station Operators is consistent with the information agreed by Party A and the Cooperative Charging Station Operators, the price information, charging station information, activity discount information, etc. (including the user agreements, legal terms and platform use rules of the Kuaidian Platforms) published and displayed by Party B on the Kuaidian Platforms shall be confirmed by Party A in advance to ensure its accuracy. Party B is aware that Party A will adjust in due time the price information, charging station information, activity discount information, etc. on the Kuaidian Platforms based on the business policies, market environment, etc. of different Cooperative Charging Station Operators and Party A's marketing and operation strategy for the business, and Party B agrees to make corresponding adjustments as required by Party A. The arrangements related to marketing data services shall be subject to the relevant provisions of the Data Service Agreement.

(d) Each Party shall guarantee and undertake to the other Party that: this Agreement, once signed, will constitute legal and valid obligations binding upon it; it has made or will make its best efforts to obtain all necessary licenses, consents and approvals required by relevant laws and regulations and government departments for its carrying out the business cooperation hereunder, and to ensure that the foregoing licenses, consents and approvals will remain valid during the term of this Agreement. For the avoidance of doubt, Party B guarantees and undertakes that any change in its equity structure, actual control, internal organizational structure, management personnel, etc., will not affect the validity of this Agreement and its binding force on Party B.

(e) If, due to its own reasons, including but not limited to any changes in its equity structure, actual control, internal organizational structure, management personnel, etc., which may affect the normal performance of this Agreement or violate the purpose of this Agreement, Party B shall promptly discuss with Party A to jointly negotiate a solution that can ensure Party A's business continuity, and shall use commercially reasonable efforts to ensure that Party A's business continuity will not be materially affected by such changes.

(f) Unless otherwise agreed, the intellectual properties or related interests contained in the process of business cooperation shall belong to the providing Party.

(g) Party A and Party B may authorize the signing of specific agreements, letters of confirmation and other documents on the said contents and make adjustment and arrangement for the use methods, use fees, settlement method and other specific arrangements.

Chapter 2 Effectiveness and Term

2.1 This Agreement shall be established after being signed by both Parties and shall take effect simultaneously from the effective date of the Framework Agreement.

2.2 This Agreement shall be valid for five (5) years (the "Cooperation Period").

(a) For the avoidance of doubt, Party A and Party B acknowledge that at the time of signing this Agreement, they have actually implemented or partially implemented the contents of this Agreement since the effective date of the Framework Agreement (i.e. March 31, 2022), and both Parties agree and acknowledge that the actual Cooperation Period is from March 31, 2022 to March 30, 2027.

(b) Within six (6) months before the expiration of the Cooperation Period, both Parties may negotiate on the renewal of this Agreement; in case of no objection, this Agreement shall be renewed by one (1) year, for an unlimited number of times, and each renewed term can be further renewed in a similar fashion. In particular, the settlement principles and settlement arrangements may be renegotiated by both Parties in light of the specific circumstances upon renewals.

(c) If agreed by both Parties, after the termination of the cooperation, the business already commenced during the Cooperation Period shall not automatically terminate; Both Parties shall smoothly terminate the cooperation on the premise of not affecting the rights and interests of charging station operators and the rights of users and consumers, and Party B shall observe the requirements of GB-T 35273-2017 Information Security Technology–Code for Personal Information Security, send a notice to the Kuaidian Platform users 30 days before the proposed termination of cooperation, and shall negotiate with Party A on a handling plan within two months before the notice is sent, so as to protect the rights and interests of users.

Unless both Parties otherwise reach other solutions, Party B shall transfer the business related to the Kuaidian Platforms and the Cooperative Charging Station Operators under this Agreement to a third party jointly designated by Party A and Party B (the "Transfer of Termination Business") to protect the rights and interests of users. Party B shall not refuse the third party proposed by Party A without reasonable reasons, and Party B shall fully cooperate in the Transfer of Termination Business. Any additional expenses incurred due to the Transfer of Termination Business shall be borne by Party A, except those incurred due to Party B's fraud, subjective intention or gross negligence.

If the cooperation is terminated, both Parties shall ensure that the users will not be affected by the termination of cooperation. Users can log in and use the Kuaidian Platforms according to their trading habits before the transfer, and complete charging service transactions through the Kuaidian Platforms; The VIP membership services, coupon packages, etc. that have been purchased by users before the termination of the cooperation can still be used after the termination of the cooperation. If this part of transaction price has been collected by Party B, Party B shall make settlement in accordance with this Agreement.

If the cooperation is terminated, both Parties shall properly handle the renewal of the contract with the Cooperative Charging Station Operators under the Tripartite Agency Model, including but not limited to Party B exiting from the cooperation under the Tripartite Agency Model and assisting Party A in entering into a bipartite agreement with the Cooperative Charging Station Operators.

Chapter 3 Breach

3.1 Breach and Early Termination

(a) Either Party (the "**Breaching Party**") who fails to perform its obligations hereunder shall constitute a breach of this Agreement ("**Breach**");

(b) If Party B fails to observe this Agreement, causing serious losses to Party A (that is, Party A's direct losses caused by a single error exceed RMB 200,000), Party B shall be in breach of contract. Party B shall make rectifications at the earliest time possible and avoid the recurrence of such errors. Party B shall bear corresponding liability for compensation for the direct or indirect losses caused to Party A.

(c) In case of serious Breach by the Breaching Party, the non-breaching Party (the "**Non-breaching Party**") shall have the right to notify the Breaching Party in writing of its Breach, and the Breaching Party shall remedy its Breach within thirty (30) days from the date of the notice. If the Breaching Party fails to remedy the Breach at the expiration of such thirty (30) days, the Non-breaching Party shall have the right to terminate this Agreement. If either Party has already made it clear (orally, in writing or by act) before the expiration of the term hereof that it will not perform its major obligations hereunder, or the Breach of the Breaching Party (including a Breach caused by force majeure) has made both Parties unable to achieve the basic purpose of this Agreement, the Non-breaching Party shall have the right to terminate this Agreement.

3.2 Compensation for Breach

The Breaching Party shall compensate the Non-breaching Party for all direct costs, liabilities, or losses incurred due to its Breach.

3.3 Specific Performance

In addition to other rights and remedies hereunder, the Non-breaching Party shall also have the right to require the Breaching Party to specifically and fully perform its obligations hereunder.

Chapter 4 Termination

4.1 Termination

This Agreement shall be terminated under any of the following circumstances: (1) in case either Party goes bankrupt, becomes insolvent, goes into liquidation or dissolution procedures, suspends business or cannot pay off its due debts or cannot exist for other reasons during the cooperation period, the Party shall submit a written explanation to the other Party, and the other Party shall have the right to send a written notice to terminate this Agreement thirty (30) days in advance; (2) both Parties agree to rescind or terminate this Agreement through consultation in writing.

4.2 Effect of Termination

If this Agreement is terminated in accordance with the provisions of this Chapter 4, the rights and obligations hereunder shall be terminated as well, and this Agreement will no longer be binding upon either Party, provided that (1) the provisions of Chapter 3 (Breach), Chapter 4 (Termination), Chapter 5 (Confidentiality) and Chapter 6 (Governing Law and Dispute Resolution) shall survive; and (2) the termination of this Agreement shall not exempt either Party's liability for its Breach hereunder.

Chapter 5 Confidentiality

5.1 Confidential Information

Both Parties acknowledge that this Agreement, the contents of this Agreement, the transactions contemplated hereunder, as well as all data, information and materials related to the transactions shall be treated as confidential information.

5.2 Confidentiality Obligations

Both Parties agree that they shall, and shall ensure that their affiliates and their respective officers, directors, employees, agents, representatives, accountants and legal advisers to, keep all confidential information received or obtained by them confidential and shall not disclose to any third party or use it.

5.3 Excluded Disclosure

The confidentiality obligations under this Chapter shall not apply to: (i) any information permitted to be disclosed in accordance with the provisions hereof; (ii) any information that is publicly available at the time of disclosure and is not disclosed due to any breach of this Agreement by either Party or its affiliates, or its or its affiliates' officers, employees, agents, representatives, accountants and legal advisers; (iii) any information obtained by either Party from a bona fide third party without confidentiality obligations; or (iv) any information disclosed to the extent mutually agreed by both Parties. In addition, each Party may disclose the said information to its affiliates and its or its affiliates' investors, officers, directors, employees, partners, shareholders, agents, representatives, accountants and legal advisers to the extent necessary for the purpose of performing this Agreement, provided that it shall ensure that such persons undertake the same confidentiality obligations.

Chapter 6 Governing Law and Dispute Resolution

6.1. Applicable Laws

The conclusion, validity, interpretation and performance of this Agreement and the resolution of any dispute arising therefrom shall be governed by the laws of China.

6.2 Dispute Resolution

(a) Any dispute, controversy or claim arising from or in connection with this Agreement or its Breach, termination or invalidity (collectively, "Disputes") shall be resolved by both Parties through friendly negotiation. If such negotiation fails, either Party may submit the dispute to the court with jurisdiction in Anji County, Zhejiang Province, China where this Agreement is signed for litigation;

(b) The above provisions of this Article 6.2 shall not prevent the Parties from applying for any pre-litigation preservation or injunctive relief available for any reason, including but not limited to the subsequent application for enforcement of the judgment of the litigation.

Chapter 7 General Provisions

7.1 Fees and Taxes

Any costs, expenses and taxes incurred by each Party for the execution of this Agreement and the performance of the transactions contemplated hereunder shall be borne by each Party respectively in accordance with the applicable laws of China.

7.2 Notice and Communication

The contact information of both Parties is as follows. Unless changed in accordance with this Agreement, both Parties agree not to transmit the relevant information of this Agreement to other persons or through other contact methods:

	<i>Party A</i>	<i>Party B</i>
Full name	Zhejiang Anji Zhidian Holding Co., Ltd.	Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd

Address	NewLink Center, Block G, Building 7, Hui Tong Times Plaza, Yaojiayuan South Road, Chaoyang District, Beijing	【Redacted】
Contact person	【Redacted】	【Redacted】
Tel.	【Redacted】	【Redacted】
E-mail	【Redacted】	【Redacted】

2. Notices shall be deemed to have been served on the notified Party at the following time:

By hand: the date indicated on the acknowledgement/receipt from the notified Party obtained by the notifying Party;

By post: 48 hours after delivery;

By e-mail: when the e-mail is sent.

3. In case of any change in the mailing address, contact person or contact information of either Party, the other Party shall be notified in writing within five working days from the date of change. If either Party violates the foregoing provisions, unless otherwise provided by law, the changing Party shall be liable for the consequences and losses arising therefrom.

4. In case of any dispute arising from this Agreement, the contact address agreed in this article is the address for service of relevant legal documents.

7.3 Assignment and Succession

Unless otherwise expressly agreed herein or agreed by both Parties in writing, neither Party shall transfer this Agreement or any of its rights and obligations hereunder for any reason. Notwithstanding the foregoing, each Party may transfer its rights and obligations hereunder to its affiliates without the consent of the other Party, but the transferring Party shall notify the other Party in advance of the transfer and the information of its affiliate to which its rights and obligations are transferred, and such affiliate shall have the qualification and ability to conduct the cooperation as agreed in Chapter 1 hereof. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

7.4 Severability

If any term or other provision of this Agreement is deemed invalid, illegal or unenforceable in accordance with any laws, regulations or public policies, all other terms and provisions of this Agreement shall remain in full force and effect as long as the economic or legal substance of the transactions contemplated hereunder has not been materially and adversely affected to either Party in any form. When any term or other provision of this Agreement is deemed invalid, illegal or unenforceable, both Parties shall negotiate in good faith to amend this Agreement to realize the original intention of both Parties as close as possible in an acceptable manner, so as to complete the transactions contemplated hereunder as far as possible according to the original plan.

7.5 Entire Agreement

This Agreement contains all understandings and agreements between the Parties with respect to the transactions contemplated hereunder, and shall supersede all written and oral agreements and commitments between the Parties with respect to the transactions contemplated hereunder prior to the Date of Signing.

7.6 Waiver

Either Party may (a) extend the period for the other Party to perform any obligation or take any action, (b) waive the right to hold the other Party accountable for any inaccuracy of the representations and warranties made by it in this Agreement or any other transaction document, or (c) waive the right to request the other Party's compliance with any covenant or condition contained herein. Such extension or waiver shall be effective only after the Party bound has signed a written document expressly stating the extension or waiver. Either Party's waiver of any breach of the terms of this Agreement shall not be deemed or construed as a further waiver or continuing waiver of such breach, or a waiver of any other breach or subsequent breach. Except as otherwise provided herein, either Party's failure to exercise or delay in exercising any right, power or remedy under this Agreement or otherwise available in accordance with laws and regulations shall not be deemed as its waiver of such right, power or remedy, nor such Party's single or partial exercise of such right, power or remedy shall exclude any other or further exercise of such right, power or remedy, or the exercise of any other right,

power or remedy.

7.7 Amendment

No modification or amendment to this Agreement shall take effect unless it is made and signed by both Parties in writing.

7.8 Counterpart

This Agreement is made in two (2) copies, one (1) for each Party respectively, all of which shall be deemed as an original and have the same legal effect. The electronic version of the Supplementary Agreement executed by the Parties by way of exchanging the executed version via e-mail and other written forms and saved in the format of PDF shall be deemed as the originals, and may serve as the independent evidence in proof of the establishment and effectiveness of the Supplementary Agreement.

(Followed by Signature Pages)

IN WITNESS WHEREOF, this Agreement has been executed by the Parties on the date first above written.

Zhejiang Anji Zhidian Holding Co., Ltd. (Seal)

Signed by: /s/ WANG Yang

Name: WANG Yang

Title: Legal Representative

Signature Page to the Charging Business Cooperation Agreement

IN WITNESS WHEREOF, this Agreement has been executed by the Parties on the date first above written.

Zhejiang Anji Jiayu Big Data Technology Service Co., Ltd. (Seal)

Signed by: /s/ YANG Tianyue

Name: YANG Tianyue

Title: Legal Representative

Signature Page to the Charging Business Cooperation Agreement

Appendix 1: Reconciliation Statement of the Charging Service Fee

No.	Name of station	City	Location of station	Number of DC charging guns	Nature of station	Charging nature (public or not)	Charging time	Electric charges (RMB Yuan)	Service fee (RMB Yuan)
1					Franchising chain Regular chain	Yes No			
2					Franchising chain Regular chain	Yes No			
3					Franchising chain Regular chain	Yes No			
4					Franchising chain Regular chain	Yes No			
5					Franchising chain Regular chain	Yes No			

Signature Page to the Charging Business Cooperation Agreement

List of Principal Subsidiaries of the Registrant

Name	Jurisdiction of Incorporation
Dada Auto	Cayman Islands
Cosmo Light HK Limited	Hong Kong
Fleetin HK Limited	Hong Kong
Hill Matrix HK Limited	Hong Kong
Shandong Cosmo Light Co., Ltd	PRC
Zhejiang Anji Intelligent Electronics Holding Co., Ltd.	PRC
Zhejiang Huzhou Hill Matrix Limited	PRC
Cosmo Light (Beijing) New Energy Technology Co., Ltd.	PRC
Kuaidian Power (Beijing) New Energy Technology Co., Ltd.	PRC
Beijing Chezhubang New Energy Technology Co., Ltd.	PRC
Zhidian Youtong Technology Co., Ltd.	PRC
Shaanxi Kuaidian Mobility Technology Co., Ltd.	PRC
Qingdao Hill Matrix New Energy Technology Co., Ltd.	PRC

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (No. 333-222775, 333-248729, and 333-267654) of RISE Education Cayman Ltd and its subsidiaries of our report dated May 13, 2022, relating to the consolidated financial statements of RISE Education Cayman Ltd and its subsidiaries, which appears in the Annual Report on Form 20-F for the year ended December 31, 2021.

/s/BDO China Shu Lun Pan Certified Public Accountants LLP

BDO China Shu Lun Pan Certified Public Accountants LLP

Beijing, the People's Republic of China

March 27, 2023



中正達會計師事務所
Centurion ZD CPA & Co.
Certified Public Accountants (Practising)

Unit 1304, 13/F, Two Harbourfront, 22 Tak Fung Street, Hunghom, Hong Kong.
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Tel 電話: (852) 2126 2388 Fax 傳真: (852) 2122 9078

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-267654) and the use in this amendment to Shell Company Report on Form 20-F and any subsequent amendments thereto of NaaS Technology Inc. of our report dated May 30, 2022 and March 27, 2023 relating to the combined financial statements and schedules of Dada Auto as of December 31, 2021 and 2020, and for the years ended December 31, 2021 and 2020.

/s/ Centurion ZD CPA & Co.

Centurion ZD CPA & Co.
Certified Public Accountants
Hong Kong, March 27, 2023

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

To:
NaaS Technology Inc.
Newlink Center, Area G,
Building 7, Huitong Times Square,
No.1 Yaojiayuan South Road,
Chaoyang District,
Beijing, China

March 27, 2023

Dear Sir or Madam,

Re: Consent to the filing of the Shell Company Report on Form 20-F (the “Report”) of NaaS Technology Inc. (the “Company”) and amendment thereto in connection with the listing of American depositary shares on the Nasdaq Capital market (“the Listing”).

We, Jingtian & Gongcheng, refer to the Report of the Company in connection with the Listing which has been filed with the Securities and Exchange Commission (the “SEC”) and the amendment thereto which will be filed with the SEC (the “Amendment,” and collectively with the Report and any subsequent amendments thereto, the “Filings”).

We, being the PRC legal advisor to the Company in connection with the Listing, hereby give our consent, and confirm that we have not withdrawn our consent, to the issue of the Filings, with the inclusion therein our name, opinions, advice, confirmations and/or summaries of the same, and the references to our name, opinions, advice and/or confirmations in the form and context in which they respectively appear in the Filings.

We also hereby consent to the filing of this consent letter with the SEC as an exhibit to the Filings.

Yours faithfully,

/s/ Jingtian & Gongcheng

Jingtian & Gongcheng

King & Wood Mallesons
18th Floor, East Tower, World Financial Center,
No.1 Dongsanhuan Zhonglu, Chaoyang District Beijing 100020, P. R. China

To:
NaaS Technology Inc.
Newlink Center, Area G,
Building 7, Huitong Times Square,
No.1 Yaojiayuan South Road,
Chaoyang District,
Beijing, China

March 27, 2023

Dear Sir or Madam,

Re: Consent to the filing of the Shell Company Report on Form 20-F (the “Report”) of NaaS Technology Inc. (the “Company”) and amendment thereto in connection with the listing of American depositary shares on the Nasdaq Capital market (“the Listing”).

We, King & Wood Mallesons, refer to the Report of the Company in connection with the Listing which has been filed with the Securities and Exchange Commission (the “SEC”) and the amendment thereto which will be filed with the SEC (the “Amendment,” and collectively with the Report and any subsequent amendments thereto, the “Filings”).

We, being the PRC legal advisor to the Company in connection with the Listing, hereby give our consent, and confirm that we have not withdrawn our consent, to the issue of the Filings, with the inclusion therein our name, opinions, advice, confirmations and/or summaries of the same, and the references to our name, opinions, advice and/or confirmations in the form and context in which they respectively appear in the Filings.

We also hereby consent to the filing of this consent letter with the SEC as an exhibit to the Filings.

Yours faithfully,

/s/ King & Wood Mallesons

King & Wood Mallesons
